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Volume II

EXPLANATORY NOTES

for

DEPARTMENT OF AGRICULTURE

Fiscal Year

1950

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CONTROL OF FOREST PESTS

Summary of Appropriations, 1949 and Estimates, 1950

Item	Total		
	anticipated:	Budget	Increase (+)
	available	estimates	or
	1949 a/	1950	decrease (-)
Control of Forest Pests:			
Gypsy & Brown-tail Moths	\$604,600	\$601,000	\$ -3,600
Forest Pest Control Act	356,888	1,000,000	+643,112
White Pine Blister Rust	3,756,000	3,756,000	- -
Total available	4,717,488	5,357,000	+639,512
1948 balance available			
in 1949	-221,888	- -	+221,888
Total appropriation or			
estimate	4,495,600	5,357,000	+861,400

a/ Adjusted for comparability with the appropriation structure proposed in the 1950 Budget Estimates.

(a) Preamble

The estimates include a proposed change in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

***including personal services in the District of Columbia and the purchase (not to exceed two four) and operation and maintenance of airplanes, as follows:

The change in language is proposed to increase the authority under this item for the purchase of airplanes from two to four. The additional aircraft are required to intensify control operations on the gypsy and brown-tail moth through application of insecticides, and for use in making surveys to detect new infestations of forest pests and the need for control measures.

(b) Gypsy and Brown-tail Moths

Appropriation Act, 1949	\$603,600
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture"	1,000
Base for 1950	604,600
Budget Estimate, 1950	601,000
Decrease (due to absorption of pay act costs)	<u>-3,600</u>

PROJECT STATEMENT

(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (Estimated)	1950 (Estimated)	Decrease
1. Inspection and certi- fication of Gypsy and Brown-tail moth control...	\$157,764	\$158,200	\$158,200	- -
2. Gypsy and Brown-tail moth control	446,100	446,400	442,800	-\$3,600
Total pay act costs.....	<u>1- -7</u>	<u>45,500</u>	<u>41,900</u>	
Total available	603,864	604,600	601,000	-3,600 (1)
Transfer in 1950 estimates from "Printing and bind- ing, Department of Agriculture"	-624	-1,000	- -	
Transfer in 1949 estimates from "Salaries and ex- penses, entomology and plant quarantine, Agri- cultural Research Administration, insect and plant disease control".....	-603,240	- -	- -	
Total appropriation or estimate	- -	603,600	601,000	

DECREASE

- (1) A decrease of \$3,600 due to absorption of pay act costs which is being met by curtailment of work on inspection and certification of products to meet requirements of the gypsy moth quarantine, and on gypsy moth control operations.

STATUS OF PROGRAM

Gypsy and Brown-tail Moths

Current activities are directed toward the eradication and control of gypsy and brown-tail moths and include quarantine measures to prevent their further spread. The work is done under the direction of the Bureau of Entomology and Plant Quarantine, in cooperation with State and local governments and private interests.

Examples of Progress and Trends:

1. Inspection and Certification for Gypsy and Brown-tail Moth Control:
Insecticides containing DDT have been applied by air mist sprayers, airplanes, autogiros, and knapsack sprayers at several lumber and nursery areas, junk yards, tourist camps, and quarries. This work is done cooperatively by local governments, property owners, and producers in attempts to free the test areas of gypsy and brown-tail moths. Lumbering sites, pulpwood lots, etc., are scouted to determine whether or not they are free of infestation. In areas where inspections show the insects have been eradicated, regulated articles become eligible for certification without piece by piece inspection. Even where the insects have not been eradicated the reduction in infestation lightens the work load of manual inspection. Over 400 producers and growers made 140,000 shipments of regulated articles in 1948 from previously-determined non-infested areas.

Amounts of the products which moved in large volume during the fiscal year 1948 under quarantine certifications are shown below:

Lumber	231,154,000 board feet
Pulpwood	204,153 cords
Excelsior, shavings, etc.	170,510 bales
Nursery stock	11,832,631 plants
Christmas trees	322,158 trees
Quarry products	364,811 tons

2. Spraying Programs:

Approximately 265,000 acres of infested territory were treated with DDT in Pennsylvania, New York and western New England. Of the total areas sprayed, approximately 212,000 acres were treated by the use of aircraft, 53,000 acres with ground mist blowers, and 115 acres with the knapsack type of sprayer. The insecticide, solvents, and most of the ground personnel needed for spraying in Pennsylvania and New York were furnished by these States.

A C-47 plane, equipped with a boom-type insecticide dispersing apparatus, sprayed more than 82,000 acres in a period of six weeks. Of this total, approximately 77,500 acres were in Pennsylvania, and included the cities of Scranton, Wilkes-Barre, and Pittston, 22 boroughs and 11 townships. About 4,500 acres of gypsy moth infested woodland were also sprayed by this aircraft near Saratoga, N. Y.

In checking at sites of infestations treated in these states no living evidence of these insects has been found. This further evidences the effectiveness of DDT as a means of control and eradication of the gypsy moth. At the low dosages used, no injury to bees, birds, or other wildlife has resulted.

It is planned to spray approximately the same acreage in fiscal year 1949 as was treated during the fiscal year 1948, but it is not anticipated that much spraying will be required in Pennsylvania. Control efforts will be concentrated on eradication of all infestations now existing west of the Hudson River in the State of New York and in suppressing the pest in the area east of the river in that state and in western New England.

3. Sex Attractant Survey: Tanglefooted, cylindrical traps baited with sex attractant material are used to attract and catch adult male gypsy moths if present in the area. The program for the summer of 1948 provided for the use of 13,947 traps for surveying approximately 6,040,000 acres in the states of Pennsylvania, New Jersey, New York, Connecticut and Vermont to determine the presence or absence of this insect. No moths were captured at traps placed in areas sprayed with DDT by aircraft in 1946, 1947 or the spring of 1948.
4. Manual surveys are conducted within areas adjacent to trap locations at which male gypsy moths are captured to determine definitely whether or not infestation has actually become established. Similar surveys also are conducted in areas of known infestation to obtain information as to the abundance, hazard, and extent of the infested area and other related data needed in preparing for the spraying programs. During the fiscal year 1948, approximately 2,160,000 acres were surveyed and 933 infestations comprising approximately 104,000 egg clusters were located. No infestation was found in any of the areas sprayed with DDT by aircraft in the spring of 1947, totaling approximately 106,700 acres.

(c) Forest Pest Control Act

Appropriation Act, 1949	\$135,000	
Balance of 1948 supplemental appropriation available in 1949	221,888	
Total available, 1949	356,888	
Budget Estimate, 1950	1,000,000	
Increase	<u>643,112</u>	a/

SUMMARY OF INCREASES, 1950 .

To carry on surveys to locate and appraise infestations of insects and diseases destructive to forests throughout the United States.....	/ 251,903
To control outbreaks of forest pests that occur in destructive numbers on state or privately-owned lands, and on lands under the jurisdiction of the Forest Service and the Department of the Interior.....	/ 391,209

PROJECT STATEMENT

(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)	Increase or decrease
1. Detection and appraisal surveys , , ,	13,603	20,397	272,300	/251,903 (1)
2. Operations to control destructive forest pests on lands irrespective of ownership:	755,828	336,491	727,700	/391,209 (2)
Total pay act costs ..	<u>769,431</u>	<u>(16,000)</u>	<u>(26,200)</u>	
Total available	769,431	356,888	1,000,000	/643,112
Comparative transfers from: "Salaries and expenses, entomology and plant quarantine, Agricultural Research Administration, "insect investigations, "Salaries and expenses, Forest Service" national forest protection and management	-10,000	- -	- -	
"National Parks, Do-				

Project	1948	1949 (estimated)	1950 (estimated)	Increase of decrease
"National monument, historical and mil- itary areas, Depart- ment of the In- terior" (National Park Service)	1,778	- -	- -	
1948 balance avail- able in 1949	221,888	-221,888	- -	
Total appropria- tion or esti- mate	843,000	135,000	1,000,000	

a/ Although an increase in direct appropriation of \$865,000 is requested for this item in 1950, the increase in total funds available is only \$643,112 due to availability of prior year balance of \$221,888 in fiscal year 1949.

INCREASES

The proposed increase of \$643,112 in this item for 1950 is composed of the following:

(1) Increase of \$251,903 to carry on surveys to locate and appriase infestations of insects destructive to forests throughout the United States.

Need for Increase: Native insect pests and diseases which attack forest trees occur throughout the nation and there is no practical way of eradicating them. Every year certain of these increase in abundance in some sections of the country and when they reach outbreak numbers cause important and destructive loss. Outbreaks of many of these pests can be suppressed by the application of known measures of control. The earlier these outbreaks are detected and suppressed the less costly is the control and the greater the protection of woodland resources.

Accurate estimates of the losses caused by forest pests are not available and the figures assembled relate, for the most part, to particular outbreaks. In general, the average annual losses are estimated to exceed those resulting from fire. A few examples will illustrate the magnitude. Since 1940 the engelmann spruce beetle has killed 20% of the spruce in Colorado and 95% of the extensive stands in the White River area -- or more than 4 billion board feet. In the years 1944 - 1946 the hemlock looper killed 40 million board feet of hemlock and fir in the Pacific Northwest, about a tenth as much as the more extensive outbreak of 1918-21 when about 500 million board feet was killed. The last extensive outbreak of the Southern pine beetle ended in 1912 after killing timber valued at more than \$2,000,000.

Excessive loss has been prevented through active suppressive programs, especially in recent years. In many instances, however, extensive destruction occurred before the outbreak was detected. An example is that of the tussock moth outbreak in west central Idaho where trees were killed over some 300,000 acres before an intensive control program on more than 400,000 acres saved the trees in that area and in threatened adjacent areas, and reduced the pest in that section almost to extinction. Several of the smaller control programs now being carried on will result in suppressing outbreaks and preventing excessive losses even though an appreciable amount of timber was destroyed prior to detection and application of control measures.

The key to any effort to combat the destructive enemies of our forests is to know where they are occurring in destructive numbers. The determination of potential hazard becomes the basis for deciding upon and applying control measures. Detection and appraisal surveys provide such data.

Plan of Work: The detection and appraisal surveys would be under the leadership of the Bureau of Entomology and Plant Quarantine which would be responsible for the general coordination of cooperative relations with other agencies associated with survey activities. It is proposed to place at established headquarters in seven sections of the country trained entomologists to have charge of survey activities in these areas. These men would be located at Berkeley, Calif., Portland, Oregon, Coeur d'Alene, Ida., Fort Collins, Colo., Albuquerque, N. M., Milwaukee, Wisc., Gulfport, Miss., Asheville, N.C., and New Haven, Conn. They would have, where the need is the greatest, assistants to direct the seasonally employed technical aids who will conduct the field operations. The area leaders also would be responsible for informing forest rangers and others on matters related to detecting insects, and for organizing appropriate coordinated arrangements. They would serve as leaders for cooperation with state and private agencies, and would be responsible for correlating, appraising, and reporting the information obtained. Three pathologists would give attention, in the same general manner, to forest diseases and would be headquartered at existing laboratory centers. Two would be in the northwestern area and one in the northeast. A detection survey project leader would be located at a suitable place in the field -- at an existing station.

The results of the surveys would be made generally available to the cooperators and appropriate land-managing agencies as the work progresses. Important situations would be the subject of special reports for determining action needed and in planning details for control programs that may be undertaken.

(2) Increase of \$391,209 to control outbreaks of forest pests that occur in destructive numbers of state or privately-owned lands, and lands under the jurisdiction of the Forest Service and the Department of the Interior.

Objective: To carry out operations to control destructive forest pests on lands irrespective of ownership, that may be causing important losses to forest trees valuable to our national welfare. Operations

that may be conducted on State or privately-owned lands are to be in cooperation with and supported by contributions from the State or land owners. Operations that may be conducted on Federally-owned or controlled lands are carried on by the Federal agency responsible for the management of the land.

Need for increase: Observations made through detection surveys serve to disclose destructive, threatening and potential outbreaks that should be promptly suppressed to protect our forest resources. The individual outbreaks are often comparatively small, and if control measures are applied promptly they may be effectively suppressed without excessive loss. In some cases--and these should be fewer as effectiveness and thoroughness of detection surveys increase--outbreaks may be discovered so late that the control problem is of major magnitude and becomes a matter of special consideration. The more usual situations of smaller outbreaks are handled successfully and economically where funds are available and control operations can be planned and carried out on a sound biological basis in relation to seasonal conditions.

Experience has shown that funds theretofore provided to Federal land-managing agencies have been inadequate to attack on a sound biological basis the problems that arise in an average year. Funds have not been available to cooperate with State and private land owners and secure their aid in protecting forests which are important to our national welfare (with one or two minor exceptions when the problem had become of major importance and only after significant losses had occurred). Funds which would permit carrying out operations against infestations discovered in the incipient stages, on a sound biological and operational basis, would provide an effective and logical program to protect forests from preventable loss.

Plan of Work: As the facts on infestations of forest pests are established, it is proposed that allocations would be made to Federal agencies responsible for the management of lands on which outbreaks are discovered to enable them to carry out suppressive measures. Where comparative data become available in reference to outbreaks on State and privately-owned lands, and where acceptable and adequate contributions are provided, allocations would be made to carry out cooperative control programs on such lands. In acting on such allocations, consideration would be given to the national interest and the suitability and acceptability of procedures to be followed. For work on State and privately owned land, the organizational and operational practices would be adjusted to the specific problem and facilities of the cooperating agencies. Technical leadership would rest with the Department, and the administrative and operational activities would be under the leadership of the cooperators or the Department as may be mutually determined. The expenditure of Federal funds would however, be made by the Department through an appropriate employee in accordance with Departmental regulations.

Information now available to the several interested agencies indicates that the total amount estimated for the control operations should be allocated substantially as follows:

Forest Service	\$300,000
Department of Interior	85,000
Reserved for allocation and work on state and private lands	342,700
	<u>\$727,700</u>

STATUS OF PROGRAM

Current Activities. This program contemplates carrying out the purposes of the Forest Pest Control Act, approved June 25, 1947, which established a national policy to protect and preserve forest resources of the United States from destructive insect pests and diseases, thereby enhancing the growth and maintenance of forests, promote stability of forest-using industries, aid in forest fire control, conserve forest cover on watersheds, and protect recreational and other values of forests.

The Bureau of Entomology and Plant Quarantine is responsible for detection and appraisal surveys and for leadership in cooperative control programs conducted on State and privately owned lands. The Forest Service conducts control activities on lands under their jurisdiction. The various units of the Department of the Interior are responsible for control activities conducted on lands under their jurisdiction.

Examples of Progress and Trends:

1. In the control of bark beetle infestations in mature lodgepole pine stands in the Caribou and Targhee National Forests of southeastern Idaho, and the Bridger and Teton National Forest and Grand Teton National Park of western Wyoming, 110,000 individual trees on 1,000,000 acres were sprayed with chemicals that penetrate through the bark. This is the first time this new technique has been used on an extensive scale and preliminary observations indicate promising results at a marked reduction in cost.
2. The control program against the black hills beetle destroying ponderosa pine in the Harney and Black Hills National Forest and adjoining State Park in South Dakota involved spray treatment of 44,600 trees. Similar programs were also carried on against the mountain pine beetle in the Kootenai National Forest in western Montana and in the Coeur d' Alene National forest in Idaho.
3. In National Forests of Michigan and Wisconsin 9,300 acres have been sprayed to control Le Conte's sawfly and the Saratoga spittle bug to prevent spread into some 640,000 acres of pine plantations.
4. A large-scale detection survey by means of aerial reconnaissance of 7,750,000 timbered acres in the Blue Mountain region of Oregon and Washington was completed in 1947. Some 710,000 acres of spruce budworm infestation, 70,000 acres of tussock moth infestation, and several small outbreaks of other species were mapped and the general status of the western pine beetle was recorded. All this was done in about 30 hours' flying time. In less than 2 weeks information was acquired that a ground crew would have to work most of the summer to acquire. Aerial surveys of this type reduce costs and facilitate forest insect detection, particularly in areas of rough topography and in forest types where extensive examinations by ground crews are difficult or almost impossible. Before the method can be relied upon, however, for obtaining more than a general idea of infestation, boundaries and general estimates of timber losses, additional experience will be necessary.

(d) White Pine Blister Rust

Appropriation Act, 1949	\$3,750,000
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture".....	6,000
Base for 1950	3,756,000
Budget estimate, 1950	3,756,000
Change, 1950	- -

PROJECT STATEMENT

(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)
1. Leadership, coordination, and technical direction of white pine blister rust control (Entomology and Plant Quarantine)	\$673,679	\$738,300	\$738,300
2. Blister rust quarantine enforcement (Entomology and Plant Quarantine).....	13,690	15,050	15,050
3. Blister rust control operations on the national forests (Forest Service).....	1,968,679	1,976,650	1,976,650
4. Cooperative blister rust control on state and privately-owned lands (Entomology and Plant Quarantine).....	496,644	444,000	444,000
Total pay act costs.....	[- -]	[142,500]	[144,983]
Unobligated balance.....	14,111	- -	- -
Total available, Department of Agriculture	3,166,803	3,174,000	3,174,000
Transfer to Department of Interior for blister rust control operations on lands under jurisdiction of Department of Interior.....	582,000	582,000	582,000
Total available.....	3,748,803	3,756,000	3,756,000
Comparative transfer from:			
"White pine blister rust control, Department of Agriculture".....	-3,750,000	- -	- -
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture".....	-3,400	-6,000	- -
Transferred to "Salaries and expenses, Office of Information, Department of Agriculture".....	+4,597	- -	- -
Total appropriation or estimate.....	- -	3,750,000	3,756,000

STATUS OF PROGRAM

White Pine Blister Rust

Current activities: The purpose of this work is to control the destructive, introduced, blister rust disease of white pines which destroys one of our most valued forest resources.

Under the authorizing legislation and agreements with cooperating agencies, the Bureau of Entomology and Plant Quarantine is responsible for leadership, coordination, and technical direction of the over-all phases of the work for all the participating agencies and, in addition, for cooperative control work on state and private lands. The Forest Service is responsible for control work on National Forest lands; and the Department of the Interior for control work on National Park, Indian, public domain and Oregon and California Revested lands. In carrying out its over-all responsibilities, the Bureau of Entomology and Plant Quarantine:

- (a) Selects white pine areas for protection.
- (b) Classifies these areas for lumber production, or for aesthetic and recreational values in relation to the feasibility of control.
- (c) Schedules the time interval for reworking control areas.
- (d) Examines burned and logged areas for retention or elimination from control areas.
- (e) Inspects planting sites to select those that are ribes-free.
- (f) Conducts surveys to determine location of host plants, spread of rust, degree of damage, and effectiveness of applied control measures.
- (g) Develops new methods of destroying ribes and tests new chemicals and equipment.
- (h) Recruits and trains seasonal workers for participating agencies.
- (i) Keeps records and maps for all control work.
- (j) Selects sites for seasonal camps.
- (k) Works out practical solutions for troublesome control problems.
- (l) Maintains quarantine restrictions to prevent replanting of ribes in control areas.

Statement of Progress:

1. Ribes Removal. In the control area as a whole during the 1947 season, the operating agencies removed ribes from 2,003,109 acres, of which 844,956 was initial work and 1,158,153 rework. Over 22,000,000 ribes were destroyed with about 234,000 man-days of work. There was an increase in acres worked of 111,300 over the previous year.
2. Spread of the Disease. A large southward extension of the rust on ribes occurred in the North Central states. It was found for the first time in 62 counties, of which 9 were in Illinois, 39 in Indiana, 10 in Ohio and 4 in Michigan. It was reported on pines for the first time for 14 counties, of which 5 were in Illinois, 2 in Indiana, 1 in Iowa, 1 in Michigan, and 5 in Wisconsin. In the West, blister rust was found in Teton

County, Idaho, about 150 miles south of known diseased pine areas in that State. In California, the finding of infected pines on Pilot Creek, Eldorado National Forest extended the southward advance of the disease 8 miles.

3. Protection of Nurseries. The protective zones around 15 nurseries were reworked and 2,454 ribes destroyed on 7,392 acres. This work protected over 48,500,000 white pines that were being grown for planting in forest areas.
4. Treatment of Infected Trees. A total of 41,160 infected white pines, mostly in plantations, was treated by cutting off the diseased branches. The amount of this work is small, since it is done only where it will result in saving enough of the trees to produce a crop of timber that otherwise would be lost.
5. Contracting Ribes Removal. Removal of ribes from control areas by contracting the work to private individuals on the basis of competitive bids was given further trial. Cooperating Federal agencies awarded 34 contracts covering 6,258 acres at an average bid price of \$6.24 per acre. This cost is about 39 percent lower than that obtained on comparable areas with regular crews. Similar results were obtained from 3 contracts awarded in Idaho for removal of ribes from 245 acres at an average bid price of \$7.25 per acre. The use of the contract procedure produced rapid coverage and cleaner work. These results assure more extensive use of this procedure and further trials to determine the practical limitations of its usefulness.
6. One-Man Crew. An experiment was conducted in certain areas where employees worked alone instead of in crews. This test indicated there was increased production and more thorough and efficient ribes eradication. It has the following advantages: responsibility for ribes removal in a definite area is fixed on one individual; the worker does not have to adjust his pace to that of other workers as required in crew formations; and poor work can be quickly detected and corrected. Disadvantages include inability of some men to work alone and some change in established methods of checking and marking work areas is necessary.
7. Use of 2,4-D. Over 360,000 gallons of 2,4-D aqueous sprays in concentrations of 750 parts per million (acid equivalent) were applied to Ribes roezli in areas totalling 1,554 acres. The ribes averaged 1,735 per acre. The use of this formulation of 2,4-D is estimated to have saved about 8,000 man-days. The use of hand methods on such areas requires 5 to 10 man-days per acre as compared to 1 man-day for spraying. R. roezli constitutes about 90 percent of the eradication problem in much of the sugar pine region and the effectiveness of 2,4-D in destroying thickets of these bushes will greatly aid the control program in this region. In other white pine regions, the kill obtained with 2,4-D on several resistant ribes species encountered in control areas was not high enough for its general use in field work. Large Ribes roezli

and nevadense growing among rocks or in other places where digging or spraying was impracticable were successfully killed by decapitating them at the crown and treating the freshly exposed surface with 2,4-D concentrates.

8. Tests with 2,4,5-T. This spray, another growth-regulating substance similar to 2,4-D, was tested over as wide an area as supplies of the chemical would permit. It proved to be more effective against certain species of ribes than 2,4-D, and will be more extensively used in the 1949 season when larger quantities become available.
9. Progress and status. The accompanying tables and graph give the status of the work at the end of the calendar year 1947.

WHITE PINE BLISTER RUST CONTROL

Table 1.--Ribes Eradication by Operating Agencies during the calendar year 1947
(Initial and Rework)

Operating Agencies	Initial Eradication (Acres)	Reeradication (Acres)	Total (Acres)	Effective Labor (Man-Days)	Ribes Destroyed (Number)
Federal:					
National Forest	337,883	138,514	476,397	85,624	7,763,505
O & C Revested Lands	6,796	7,573	14,369	4,548	240,061
National Parks	19,551	21,521	41,072	22,186	2,338,016
Indian Reservations	11,269	15,591	26,860	10,655	1,693,824
Sub-total: Interior	37,616	44,685	82,301	37,389	4,271,901
Total - Federal	375,499	183,199	558,698	123,013	12,035,406
State and Private	469,457	974,954	1,444,411	111,127	10,160,348
Grand Total	844,956	1,158,153	2,003,109	234,140	22,195,754

Table 2.--Progress of Ribes Eradication on State and Private Lands through 1947

Region	Total Acres Control Area	First Working		Second Working		Other Workings		On Maintenance		Remaining Work	
		Acres	Per Ct	Acres	Per Ct	Acres	Per Ct	Acres	Per Ct	Unworked Acres	Requiring Rework Acres
Northeastern	11,898,776	10,708,185	90	5,382,124		999,026		3,673,895	31	1,190,591	7,034,290
So.Appalachian	5,189,579	5,107,149	98	182,535		30,344		4,834,174	95	82,430	272,975
North Central	3,471,595	2,523,420	73	805,786		119,264		835,871	24	948,175	1,687,542
Subtotal:East	20,559,950	18,338,754	89	6,370,445		1,148,634		9,343,940	45	2,221,196	8,994,814
Northwestern	1,179,472	682,206	58	183,829		63,403		239,796	20	497,266	442,410
Pacific Coast	1,014,900	497,888	49	187,749		60,520		58,755	6	517,012	439,133
Subtotal:West	2,194,372	1,180,094	54	371,578		123,923		298,551	14	1,014,278	881,542
Grand Total	22,754,322	19,518,848	86	6,742,023		1,272,557		9,642,491	42	3,235,474	9,876,357

Table 3.--Progress of Ribes Eradication on Department of Interior Lands through 1947

Region	Total Acres Control Area		First Working Per		2d Working Acres		Other Workings Acres		On Maintenance Acres		Remaining Work Per Acres		Unworked Requiring Acres	
	Acres	Per cent	Acres	Per cent	Acres	Per cent	Acres	Per cent	Acres	Per cent	Acres	Per cent	Acres	Per cent
<u>NATIONAL PARKS</u>														
Northeastern	16,872		16,872	100	16,872		8,207		16,872	100				
So. Appalachian	130,621		127,546	98	4,380		3,773		113,693	89	3,075		13,853	
North Central	120		120	100	-		-		-	-	-		120	
Subtotal - Eastern	147,613		144,538	98	21,252		11,980		130,565	88	3,075		13,973	
Northwestern 1/	24,087		14,851	62	6,581		9,700		10,000	42	9,236		4,851	
Pacific Coast	287,327		102,277	36	37,196		5,534		23,873	8	185,050		78,404	
Subtotal - Western	311,414		117,128	38	43,777		15,234		33,873	11	194,286		83,255	
Total-National Parks	459,027		261,666	57	65,029		27,214		164,438	36	197,361		97,228	
<u>O&C REVESTED LANDS</u>														
Pacific Coast	104,145		43,750	42	5,315		709		19,806	19	60,395		23,944	
<u>PUBLIC DOMAIN LANDS</u>														
Northwestern	29,409		16,727	57	6,235		2,360		5,509	19	12,682		11,218	
<u>INDIAN LANDS</u>														
So. Appalachian	445		445	100	-		-		445	100	-		-	
North Central	110,024		100,169	91	57,282		19,053		44,915	41	9,855		55,254	
Total-Indian Lands	110,469		100,614	91	57,282		19,053		45,360	41	9,855		55,254	
GRAND TOTAL	703,050		422,757	60	133,861		49,336		235,113	33	280,293		187,644	

1/ Includes Mt. Rainier 3,581 acres, Glacier 4,728, Yellowstone 8,778, and Rocky Mountain 7,000. The acreage covered for the last two Parks is indefinite.

Table 4.--Progress of Ribes Eradication on National Forest Lands through 1947.

Region	Total Acres: First Working			2d Working			Other			On Maintenance			Remaining Work		
	Control	Area	Acres	Per	Acres	Ct	Acres	Per	Acres	Per	Acres	Ct	Areas	Unworked	I Requiring Rework-Acres
Northeastern	8,797	8,352	95	6,241	4,109	5,416	62	445	2,936						
So. Appalachian	1,662,971	1,622,465	97	68,921	16,323	1,528,657	94	40,506	93,808						
North Central	380,955	271,598	71	123,744	27,667	139,931	37	109,357	131,667						
Subtotal - East	2,052,723	1,902,415	93	198,906	48,099	1,674,004	82	150,308	228,411						
Northwestern	1,403,219	1,064,024	76	274,215	75,525	353,930	25	339,195	710,094						
Pacific Coast	1,092,911	409,823	37	200,972	90,415	71,944	7	683,088	337,879						
Subtotal - West	2,496,130	1,473,847	59	475,187	165,940	425,874	17	1,022,283	1,047,973						
Total	4,548,853	3,376,262	74	674,093	214,039	2,999,878	46	1,172,591	1,276,384						
Rocky Mountain (Colo. & Wyo.) 1/	421,000	36,619	9	1,962	-	17,000	4	384,381	19,619						
Grand Total	4,969,853	3,412,881	69	676,055	214,039	2,116,878	43	1,556,972	1,296,003						

1/ Experimental work with WPA labor to determine feasibility of control - remaining work indefinite.

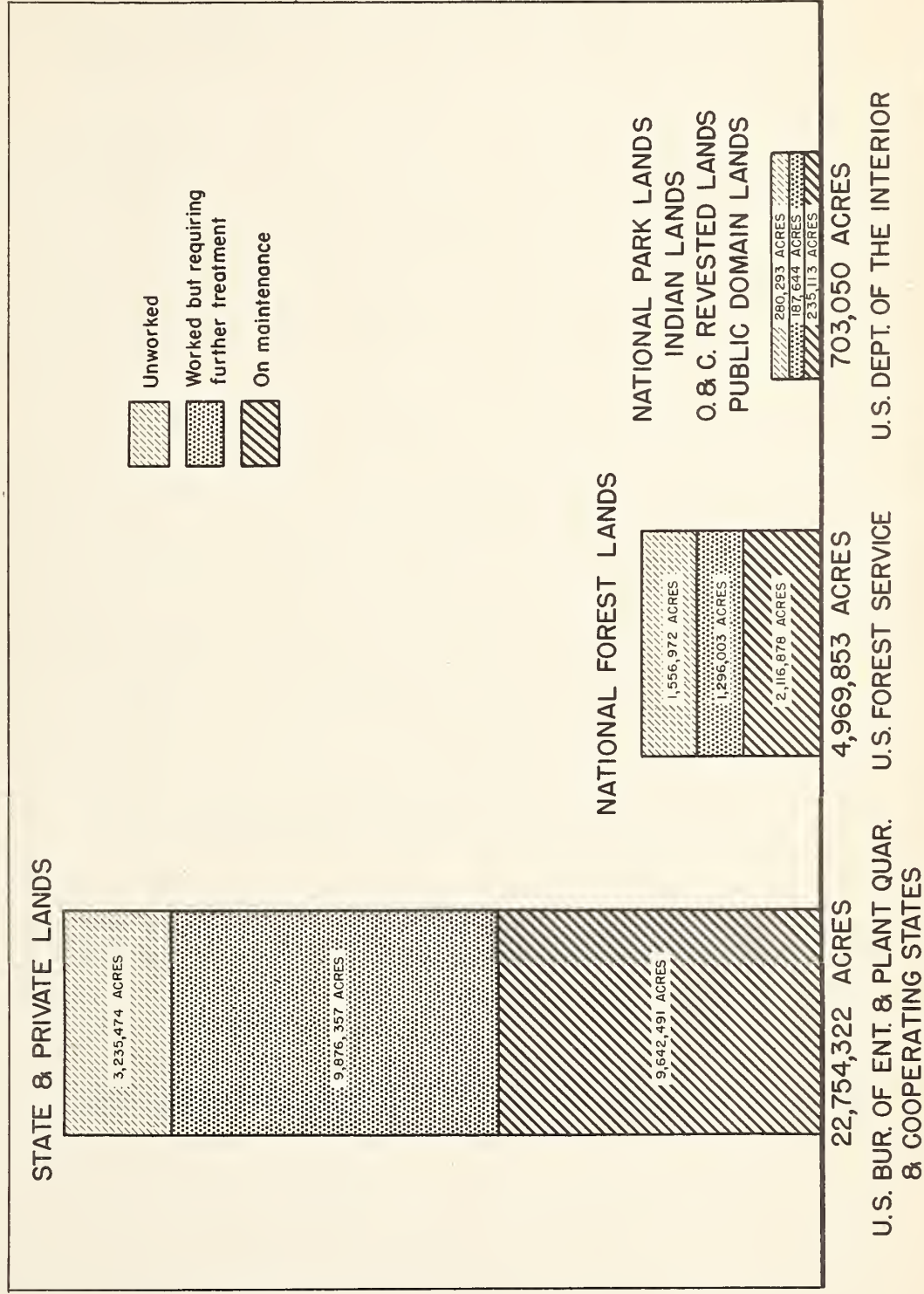
Table 5.--Progress of Ribes Eradication on Lands in all Ownerships through 1947.

Region	Total Acres: First Working			2d Working			Other			On Maintenance			Remaining Work		
	Control	Area	Acres	Per	Acres	Ct	Acres	Per	Acres	Per	Acres	Ct	Areas	Unworked	I Requiring Rework-Acres
Northeastern	11,924,445	10,733,409	90	5,405,237	1,011,342	3,696,183	31	1,191,036	7,037,226						
So. Appalachian	6,983,616	6,857,605	98	255,836	50,440	6,476,969	94	126,011	380,636						
North Central	3,962,694	2,895,307	73	986,812	165,984	1,020,717	26	1,067,387	1,874,590						
Subtotal - East	22,870,755	20,486,321	90	6,647,885	1,227,766	11,193,869	49	2,384,434	9,292,452						
Northwestern	2,620,409	1,770,917	68	470,708	150,988	604,885	23	849,492	1,166,032						
Pacific Coast	2,499,283	1,053,738	42	431,232	157,178	174,378	7	1,445,545	879,360						
Subtotal - West	5,119,692	2,824,655	55	901,940	308,166	779,263	15	2,295,037	2,045,392						
Total	27,990,447	23,310,976	83	7,549,825	1,535,932	11,973,132	43	4,679,471	11,337,844						
Rocky Mountain (Colo. & Wyo.) 1/	436,778	43,510	10	2,114	-	21,350	5	393,268	22,160						
Grand Total	28,427,225	23,354,486	82	7,551,939	1,535,932	11,994,482	42	5,072,739	11,360,004						

1/ Experimental work with WPA labor to determine feasibility of control - remaining work indefinite.

STATUS OF WHITE PINE BLISTER RUST CONTROL BY LAND OWNERSHIP 1947

TOTAL CONTROL AREA 28,427,225 ACRES



(e) Dutch Elm Disease

Appropriation Act, 1949	\$51,800
Proposed transfer in 1950 Estimates to "Salaries and expenses, Bureau of Entomology and Plant Quarantine, Agricultural Research Administration", insect investigations..	<u>-51,800</u>
Budget Estimate, 1950	<u>- -</u>

The 1950 estimates propose the transfer of this item to the appropriation "Insect investigations", inasmuch as the amount available provides only for the continuation of test plots to develop information to enable municipalities and other local units to preserve valuable elms even though the disease occurs in the community; and to continue the identification of specimens of the disease submitted by state or local agencies. This work is of a research nature and therefore may properly be continued under the item "Insect investigations". Accordingly, the following language is proposed for deletion:

[Dutch elm disease: Dutch elm disease, pursuant to section 102 of the Act of September 21, 1944 (7 U.S.C. 147a), \$51,800: Provided, That in the discretion of the Secretary, no expenditures from this appropriation shall be made for applying methods of control of the Dutch elm disease in any State where measures for the removal and destruction of trees on non-Federal lands suffering from the Dutch elm disease are not in force, provided such removal and destruction are deemed essential or appropriate for the carrying on of the control program, nor until a sum or sums at least equal to such expenditures shall have been appropriated, subscribed, or contributed by State, county, or local authorities, or by individuals, or by organizations concerned: Provided, however, That expenditures incurred for removal of trees infected with Dutch elm disease from non-Federal lands shall not be considered a part of such appropriations, subscriptions, or contributions: Provided further, That no part of this appropriation shall be expended for the removal and destruction of trees infected with the Dutch elm disease except where such trees are located on property owned or controlled by the Government of the United States, or on property included within local experimental control areas.]

PASSENGER MOTOR VEHICLES AND AIRCRAFT

Passenger Vehicles: The estimate for the purchase of passenger motor vehicles under this item contemplates the replacement of 20 vehicles. Four will be used in connection with gypsy and brown-tail moth control and 16 on the project for control of white pine blister rust. The cars to be replaced are 1942 or earlier models, and will have been operated in excess of 60,000 miles. By the fiscal year 1950 many of these vehicles will have reached the point where they will no longer be reliable and economical in operation.

Airplanes: The estimates contemplate the purchase of four additional planes. Three planes are for use in intensifying Federal-State cooperative efforts in the control of gypsy and brown-tail moths. Aircraft have been shown to be extremely effective on this work. One additional plane is for use in detection and appraisal surveys in forested areas for which an increase is requested for the fiscal year 1950. These surveys will be conducted to determine the status of forest pests as a basis for control measures.

FOREST SERVICE

Summary of Appropriations, 1949, and Estimates, 1950

Item	Total estimated available, 1949 a/	Budget Estimates, 1950	Increase (+) or decrease (-)
Salaries and expenses:			
General administrative expenses ...	\$692,500	\$655,000	-\$37,500
National forest protection and management	26,759,775	26,489,500	-270,275
Fighting forest fires	100,000	100,000	- -
Forest and range management investigations	2,961,800	2,812,500	-149,300
Forest products	1,187,000	1,172,000	-15,000
Forest resources investigations ...	882,600	866,000	-16,600
Total, salaries and expenses	32,583,675	32,095,000	-488,675
Forest development roads and trails...	9,752,000	9,752,000	- -
Forest fire cooperation	9,001,000	9,000,000	-1,000
Farm and other private forestry cooperation	814,500	814,500	- -
Acquisition of lands for national forests	501,000	401,000	-100,000
Acquisition of forest land, Superior National Forest, Minnesota	- -	100,000	+100,000
Acquisition of lands from national forest receipts	142,000	142,000	- -
Payments to school funds, Arizona and New Mexico, national forests fund (permanent)	55,000	55,000	- -
Payments to states and territories from national forests fund (permanent)	5,995,000	5,995,000	- -
Roads and trails for States, national forests fund (permanent)	2,398,000	2,398,000	- -
Total	61,242,175	60,752,500	-489,675
Deduct permanent appropriations (show in detail above)	6,448,000	6,448,000	- -
Total, direct annual appropriation	54,794,175	54,304,500	-489,675

a/ Amounts include anticipated Pay Act supplementals and are adjusted for comparability with the appropriation structure proposed in the 1950 Budget Estimates.

Salaries and Expenses

(a) Preamble

The estimates include proposed changes in the language of this item as follows: (new language underscored, deleted matter enclosed with brackets):

- * * * * Provided, That the cost of any building purchased, erected or as improved, exclusive of the cost of constructing a water-supply or sanitary system and of connecting the same with any such building, and exclusive of the cost of any tower upon which a
- 1 look-out house may be erected, shall not exceed ~~[\$10,000]~~ \$15,000, with the exception that any building erected, purchased or acquired,
 - 2 the cost of which was ~~[\$10,000]~~ \$15,000 or more, may be improved out of the appropriations made under this Act for the Forest Service by an amount not to exceed 2 per centum of the cost of
 - 3 such building as certified by the ~~[Secretary]~~ Chief of the Forest Service; to protect, administer, and improve the national forests including tree planting and other measures to prevent erosion, drift, surface wash, soil waste, and the formation of floods, and to conserve water; to ascertain the natural conditions upon and utilize the national forests, to transport and care for fish and game supplied; to stock the national forests or the waters therein; to collate, digest, report; and illustrate the results of experi-
 - 4 ments and investigations made by the Forest Service ~~];~~ Provided, That not to exceed \$50,000 of the appropriation for "National forest protection and management", and not to exceed \$50,000 of the appropriation for "Forest fire cooperation" may be transferred to the appropriation "Printing and binding, Department of Agriculture", for forest fire prevention posters and related printed material], as follows:

The first and second changes in language propose an increase in the building limitation from \$10,000 to \$15,000 because of the substantial advance in building costs which has occurred in recent years. The cost of constructing a three-bedroom dwelling under present day prices is in the neighborhood of \$15,000. Dwellings of this size are needed at most ranger headquarters if competent employees are to be attracted to forestry work and are to be retained in ranger district assignments with any degree of permanency.

The third change in language is proposed to authorize the Chief of the Forest Service, in lieu of the Secretary of Agriculture, to certify to the cost of buildings which have reached the statutory limitation. While the number of certifications per year is not large (from 12 to 15), it appears unnecessary to continue to require the Secretary to make these certifications.

The fourth change deletes the authorization to transfer funds to "Printing and binding, Department of Agriculture," from the two Forest Service appropriations "National forest protection and management" and "Forest fire cooperation." This authorization is no longer necessary in view of the proposed elimination of the "Printing and binding" appropriation, and the insertion of Section 9 in the General Provisions of the Bill authorizing the use of appropriations and funds available to the Department for printing and binding.

(b) General Administrative Expenses

Appropriation Act, 1949	\$650,000
Anticipated Pay Act Supplemental, 1949	37,500
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture"	5,000
Base for 1950	692,500
Budget Estimate, 1950	655,000
Decrease, 1950 (due to partial absorption of Pay Act costs)	<u>-37,500</u>

PROJECT STATEMENT

(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)	Decrease
1. General administration				
and business services	\$653,588	\$692,500	\$655,000	-\$37,500
Total pay act costs	[- -]	[46,984]	[47,973]	
Unobligated balance	1,412	- -	- -	- -
Total available	655,000	692,500	655,000	-37,500 (1)
Transfer in 1950 estimates				
from "Printing and binding, Department of Agriculture" ..	-5,000	-5,000	- -	
Anticipated pay act supple-				
mental	- -	-37,500	- -	
Total appropriation				
or estimate	650,000	650,000	655,000	

DECREASE

(1) The decrease of \$37,500 in this item is due to partial absorption of Pay Act costs.

CHANGE IN LANGUAGE

The estimates include proposed changes in language of this item as follows (new language underscored, deleted matter enclosed in brackets):

- General administrative expenses: For general administration,
1 including the salary of the Chief Forester at [\$10,000] \$10,330
per annum, * * *

This change in language is proposed to give the Chief Forester the benefit of the \$330 increase provided to other employees by the Postal Rate Revision and Federal Employees Salary Act of 1948 (Public Law 900, approved July 3, 1948). At present, several subordinates receive a salary of \$10,305 while the Chief Forestor receives \$10,000. The proposed language will correct this inequity.

WORK UNDER THIS APPROPRIATION

This appropriation provides for the leadership, coordination, planning, and control of the program of work of the Forest Service. It provides also for the service and facilitating operations which are necessary in the central office relating to finance and fiscal control, personnel management, information and education, business management, procurement, and drafting, as well as for the necessary inspection and audit of field operations.

The Forest Service has three major responsibilities. They are:

1. The protection, management, development, and utilization of more than 180,000,000 acres of land in the national forests, equivalent to approximately 10 percent of the area of the continental United States.
2. The promotion of good forest practices, including the protection of forests, on the 439,000,000 acres of state and private forest lands.
3. Forest and range research for all forest and open range lands.

The primary function of the Forest Service is to carry out the responsibility of the Federal Government in working out solutions of the Nation's forestry problems.

On the national forests this means direct technical management for the production of timber, forage for range livestock, water, wildlife, and recreation. It means the protection of public and intermingled private lands from fire, insects, and tree diseases, as well as the integration of the management of all forest resources, in order that they will contribute as fully as possible to economic and social betterment. It means, in short, the administration of the national forests in the broadest public interest and the demonstration of proper forest, watershed, and related land management.

On the privately owned forest lands, which in major part are being badly handled from a national point of view, it means education, leadership, planning, and coordination of technical information. It means cooperation with the States and private agencies in protection against fire, in forest planting, and in obtaining improved forest and watershed management practices.

The attainment of these objectives requires the conduct of a large amount of research in all phases of forestry and range management, both independently and in cooperation with other technical and industrial agencies. Research in the technique of protecting, improving, and utilizing the forest and range resources and in the profitable use of land for forestry and grazing is essential to success in the management of forest-range-watershed lands.

Operating in three broad fields of activity, through its many field and cooperators' offices, the Forest Service is confronted with a complex and unusually difficult general administrative problem. There are approximately 1,000 field offices of the Forest Service, the majority of which are "one-man offices," where the opportunities for personal contacts with other employees are infrequent. The large number of appropriations under which programs are conducted adds to the complexity of financial management. In recent years there have been 18 regular appropriations and as high as 50 "working fund" advances from other agencies to finance work performed for them, totaling in all more than \$65,000,000. Under these conditions there must be a constant flow of information and instructions from the central office to the field on policy and other matters. There must also be frequent inspection of all operations by representatives of the central office. Coordination of programs both through written instructions and field inspection is an extremely important function of the Chief's office. Because of its numerous fields of responsibility and resulting activity throughout the forested sections of all the States and Territories, the Forest Service organization is of necessity, as well as a result of thorough study, test, and deliberate choice, very thoroughly decentralized.

The work of the Forest Service is closely allied with that of many other Government agencies, particularly the Soil Conservation Service; Bureau of Entomology and Plant Quarantine; Bureau of Plant Industry, Soils and Agricultural Engineering; Bureau of Agricultural and Industrial Chemistry; Bureau of Agricultural Economics, Public Roads Administration; Fish and Wildlife Service; Bureau of Land Management of the Department of Interior; National Park Service; State Agricultural Experiment Stations; Food and Agriculture Organization; Economic Cooperation Administration; 40 State forestry organizations; etc.

(c) National Forest Protection and Management

Appropriation Act, 1949	\$25,204,175
Anticipated Pay Act Supplemental, 1949	1,510,600
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture"	45,000
Base for 1950	26,759,775
Budget Estimate, 1950	26,489,500
Decrease, 1950	<u>-270,275</u>

SUMMARY OF INCREASES AND DECREASES, 1950

For administering timber sales work	+322,524
To strengthen range management and for improvement of forest ranges	+61,333
Decrease due to partial absorption of Pay Act costs	-654,132

PROJECT STATEMENT

Project	1948	1949 :(estimated):	1950 :(estimated):	Increase or decrease
1. Forest rangers, forest supervisors, and other employees engaged in the overall management, oper- ation, protection, and regulation of national forest properties	\$6,866,203	\$7,315,354	\$7,220,165	-\$95,189 (3)
2. Maintenance of improve- ments other than roads and trails (includes telephone lines, fences, lookout towers, and observatories, fire breaks, offices, barns, garages, dwellings, out- houses, water develop- ments, pipe lines, pub- lic campgrounds, landing fields, etc.)	2,577,040	2,838,507	2,730,403	-108,104 (3)
3. Forest fire control, including prevention of fires and maintenance of a detection and "smoke- chaser" organization ...	7,161,172	7,773,824	7,439,627	-334,197 (3)
4. Timber and forest pro- ducts sales, timber surveys, management plans, timber stand improvement, free and administrative use	3,777,677	4,099,960	4,422,484	+322,524 (1)

(continued on next page)

Project	1948	1949 :(estimated):	1950 :(estimated):	Increase or decrease
5. Allocation and issuance:				
of grazing permits,				
supervision of range use:				
by domestic livestock,				
control of poisonous				
plants, range surveys,				
and range management				
plans on national forests:	\$795,045:	\$1,015,616:	\$1,076,949:	+61,333 (2)
6. Enforcement of sanitary:				
laws, garbage disposal,				
policing, and other				
requisite measures for				
safeguarding health and				
safety of national				
forest users	543,986:	613,167:	591,078:	-22,089 (3)
7. Land-use management on:				
national forests, includ-				
ing rental of land; land:				
classification; action				
on claims entered under				
public land laws; lo-				
cation and posting of				
national forest bound-				
aries, general surveys,				
plans and maps, aerial				
photography; land exchange:	614,800:	636,069:	613,144:	-22,925 (3)
8. Protection, development:				
and management of water				
resources of the nation-				
al forests	62,568:	47,411:	47,411:	- -
9. Construction of improve-				
ments other than roads				
and trails (includes				
telephone lines, fences,				
lookout towers, and ob-				
servatories, fire breaks,				
offices, barns, garages,				
dwelling, outhouses,				
water developments, pipe				
lines, public camp-				
grounds, landing fields,				
etc.)	185,630:	219,500:	219,500:	- -
10. Reforestation of denud-				
ed or poorly stocked				
forest areas including				
plantation care	1,300,807:	1,377,310:	1,332,478:	-44,832 (3)

(continued on next page)

Project	1948	1949 :(estimated):	1950 :(estimated):	Increase or decrease
11. Revegetation of denuded:				
national forest areas ..	521,875:	823,057:	796,261:	-26,796 (3)
Total pay act costs	[- -]:	[1,900,122]:	[1,890,000]:	
Unobligated balance	39,443:	- - :	- - :	- -
Total available	24,446,246:	26,759,775:	26,489,500:	-270,275
Transferred to "Salaries				
and expenses, Office of				
Information, Department				
of Agriculture"	+11,666:	- - :	- - :	
Comparative transfer from:				
"Recreational Areas,				
National Park Service" ..	-29,885:	- - :	- - :	
Transfer in 1950 estimates:				
from "Printing and bind-				
ing, Department of Agri-				
culture"	-38,852:	-45,000:	- - :	
Transfer in 1949 estimates:				
to "Control of Forest				
Pest, Department of				
Agriculture" Forest Pest:				
Control Act	+100,716:	- - :	- - :	
Anticipated pay act				
supplemental	- - :	-1,510,600:	- - :	
Total appropriation				
or estimate	24,489,891:	25,204,175:	26,489,500:	

INCREASES AND DECREASES

The net decrease of \$270,275 in this item for 1950 is composed of the following:

(1) An increase of \$322,524 under Project 4, "Timber and forest products sales", etc. for administering timber and products sales business involving a total cut of 4.1 billion board feet, performing work necessary to prepare timber sale areas for sale, and making inventories and preparing plans for managing the timber.

(a) Administration of an increased cut of a 150 million board feet of national forest stumpage: This increased cut is urgently needed to meet in part the continually increased demand for lumber for housing, pulpwood, and other forest products of all kinds. Supplies of privately owned timber are becoming scarcer. This is making an increasing number of mills dependent upon national forest timber for their supplies. Consequently the nation generally, these industries, and the communities dependent upon them will suffer unless more national forest timber is made available. The increased cut of 150,000,000 board feet is valued at approximately \$1,000,000. In order to permit the administration of sales involving a total cut of 4.1 billion feet of timber, which is an increase of 150,000,000 board feet over that estimated for the fiscal year 1949, an increase of \$150,000 is needed.

Although the volume of timber cut in the fiscal year 1948 was slightly below the amount anticipated due to extremely bad flood conditions in the Northwest, the value of the timber cut was \$21,054,000 in contrast to a cut which originally was estimated would be worth \$19,500,000.

Funds available in the fiscal year 1949 provide for a cut of 3.95 billion board feet with an estimated value of \$28,000,000. The current rate of operations indicates that these estimates may be exceeded.

With protection from fire, the timber on cut-over lands that have been acquired and held for a number of years is ready for harvest. Due to the continuing increased demand for timber and timber products of all kinds there is an opportunity now to improve the growing conditions of these stands by making thinnings and improvement cuttings, and at the same time increase receipts. Because of over-all national need for forest products, and in view of the present demand and market for timber at favorable prices, the cutting of this timber as well as the harvesting of deteriorating old-growth timber at an increased rate is very desirable.

(b) Advance preparation of sales: To insure that old-growth stands are properly cut, to provide for their regeneration, and to make certain that the road systems will be of maximum future value in the making of subsequent cuttings, sales must be laid out and planned in advance. Sales involving thinnings and improvement cuttings in young stands and plantations require careful examination to insure that the material to be cut will improve rather than damage these stands. In order to expand cutting operations in the national forest new areas must be prepared for sale. \$125,000 of the requested increase is needed for this purpose.

(c) Preparation of management plans: Without adequate inventories of available timber on a great many of the national forests it is not possible to direct the cutting operations into those areas most in need of cutting. The planning of the supplementary transportation system to provide for the most economical harvesting and continuous management of the national forests also requires knowledge as to the location and condition of the timber. As the demand for timber and the rate of cutting increases it is imperative that a determination be made of the amount of timber that can be cut from a given area in order to support dependent industries and communities. It is proposed to expend \$47,524 of the increase for urgent work on such management plans.

(2) An increase of \$61,333 under Project 5, "allocation and issuance of grazing permits, supervision of range" etc., composed of:

(a) Increase of \$31,333 for the construction of physical range improvements -- especially range fences and water developments. Most of the 10,000 range allotments on the National Forests are in a relatively undeveloped state. These range-use facilities are badly needed to help control and distribute livestock over the range, thereby obtaining more effective utilization of the forage and at the same time reducing depletion caused by over-concentration of livestock in certain areas.

(b) Increase of \$30,000 for the employment of additional administrative and technical range personnel, at Forest and Ranger District levels. The additional personnel will help prevent trespass by excessive numbers of livestock; intensify other range inspection work; obtain the kind of management on the ground needed to restore the productivity of damaged ranges and insure continued use of the forage crop without diminishing the soil or plant cover; assist with the revision of existing management plans and development and the application of new up-to-date plans; and help perform the large and important job of planning and supervising the construction of fences, watering places, driveways, reseeding of depleted range lands, and other improvements required to get good management and most efficient use of the range resources, as well as in accelerating the range-inventory program.

(3) A decrease of \$654,132 in Projects 1, 2, 3, 6, 7, 10 and 11 is due to partial absorption of Pay Act Costs which will be met by:

1. Reducing the number of assistant rangers on ranger districts.
2. Deferring maintenance of improvements.
3. Reducing the number or curtailing the period of employment of seasonal fire control employees.
6. Reducing the number or curtailing the period of employment of campground caretakers.
7. Curtailing mapping activities and the management of special use permits.
10. Reducing the number of acres of land to be reforested.
11. Reducing the number of acres of land to be reseeded.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows: (new language underscored, deleted matter enclosed with brackets):

- National forest protection and management: For the administration, protection, use, maintenance, improvement, and development of the national forests, * * * * including experimental areas under
- 1 Forest Service administration, except that where [in the opinion of the Secretary,] direct purchases will be more economical than construction, improvements may be purchased; the construction (not
 - 2 to exceed [\$10,000] \$15,000 for any one structure), equipment, and maintenance of sanitary and recreational facilities; * * * * and all expenses necessary for the use, maintenance, improvement, protection and general administration of the national forests, [\$25,204,175] \$26,489,500, of which not to exceed \$25,000 shall be
 - 3 available for the purchase of one nursery site: Provided, That appropriations for the Forest Service shall be available hereafter for the correction of inductive interference on Forest Service telephone lines caused by transmission lines constructed by organizations financed by loans from the Rural Electrification Administration.

The first change in language deletes the words "in the opinion of the Secretary" for the purpose of bringing the authority to purchase improvements into alignment with other authorities granted the Forest Service in connection with the construction of improvements by force account or contract, and with the purchase of supplies, materials, and equipment. The authority to purchase improvements is used to a very limited extent and practically all of the purchases involve small amounts of money. Under these circumstances it does not appear to be necessary to have the Secretary personally approve each of these transactions.

The second change in language proposes an increase in the building limitation from \$10,000 to \$15,000 because of the substantial advance in construction costs in recent years. This is similar to the changes proposed under the "Preamble."

The third change in language inserts the provision that hereafter funds available under this appropriation may be used to correct inductive interference on Forest Service telephone lines caused by the construction of transmission lines across National Forest lands by organizations financed by loans from the Rural Electrification Administration. By a decision of the Comptroller General of May 5, 1943, the Forest Service was required to treat these organizations the same as all other power companies, by inserting a clause in Forest Service crossing permits which require permittees to remove any inductive interference to Forest Service telephone lines due to the installation of power lines.

The effect of this decision was to cause the suspension of activity on a number of projects financed by rural electrification loans which had to cross National Forest lands. To alleviate the situation, the problem was discussed with the Agricultural Subcommittee of the Senate Committee on Appropriations during its consideration of the 1949 Agricultural Appropriation Bill, with a recommendation that the Congress affirmatively approve the expenditure of Forest Service funds for the correction of inductive interference caused by Rural Electrification Administration projects. The committee did so in the following words in its report (Report No. 1283):

"It is the intent of the committee that the Forest Service may use a portion of the funds appropriated to it to reduce inductive interference on its telephone lines caused by REA electric lines."

In a letter dated July 15, 1948, the Comptroller General stated that in view of the statement in the Senate Committee Report, he would not object to the expenditure of Forest Service funds for correcting inductive interference in 1949, but that in the fiscal year 1950, and thereafter, specific authority in the appropriation act or other law should be provided.

STATUS OF PROGRAM

Current Activities:

The purpose of the program is to manage, protect, and develop the national forests in all phases not covered by specific appropriations, and insure that timber, water, range, recreation, wildlife, and other resources are utilized in a manner so as to best serve the nation.

The economic importance of the national forests will be realized when it is considered that:

- (a) They provide a measure of assurance for a future timber supply. The rapid depletion of timber on private lands causes the national forests to assume increased importance as a source of timber. In 1950, it is estimated that 4.1 billion board feet out of an estimated allowable annual cut of 6 billion board feet will be removed from the national forests. This is 10 percent of the annual lumber production in the United States.
- (b) The area within the national forest boundaries is equivalent to some 10 percent of the area of the continental United States.
- (c) In addition to the services rendered, the national forests produce a cash income to the Federal treasury, estimated in the fiscal year 1949 in excess of 30 million dollars.
- (d) They provide range for some 10,000,000 head of domestic livestock.
- (e) They provide protection to municipal water supplies for nearly all western cities and towns and many in the east, and to irrigation water used on some 20,000,000 acres of western lands, as well as to many streams with water power developments. They provide flood protection to thousands of acres of rich valley lands and prevent the siltation of reservoirs and stream channels.
- (f) They provide a habitat for a large part of the big game animals, birds, and for millions of small game animals and furbearers.
- (g) They provide opportunities for healthful outdoor recreation, with a minimum of restrictions, for the millions of people who yearly visit the national forests.
- (h) Nearly 4,000,000 people who live in and near the national forests are supported in whole or in part through the management and utilization of the forests and their resources.

National forest boundaries encompass an aggregate area of 228 million acres reaching geographically into 40 states, Alaska, and Puerto Rico, of which 180,528,062 acres are under Forest Service administration. Many tracts of privately owned lands are interspersed within the Federal holdings.

National forests are managed under the multiple use principle with practically all areas used for, or serving, more than one purpose or objective. For example, 50 percent of the area within the national forests of the continental United States serves five different purposes: (1) timber production, (2) watershed protection, (3) forage production, (4) wildlife production, and (5) recreation. An additional 28 percent serves four purposes in varying combinations. Of the remainder, 21 percent of the total serves three purposes with only 1 percent of the total reserved for one purpose exclusively, mainly campgrounds and special use areas such as summer home sites, pastures, corrals, etc.

The varied interests which continually conflict and which must be reconciled, the vast areas covered, and the unusual complexities, clearly demonstrate the necessity of careful planning for, and skillful management of, the national forest properties.

The protection of national forests from fire and trespass is made difficult by the large area to be protected, the general inaccessibility of the national forests, the many thousands of miles of exterior boundary, and the impossibility of taking preventive action when dealing with such a problem as lightning-caused fires (2,900 in the calendar year 1948).

Selected Examples of Recent Progress.

Receipts deposited to the "Forest Reserve Fund" in the fiscal year 1948 increased \$5,749,116 over the fiscal year 1947. Smaller increases were recorded in special and suspense accounts. The following table summarizes the receipts data for the fiscal years 1947 and 1948:

	<u>1947</u>	<u>1948</u>	<u>Change</u>
<u>Forest Reserve Fund</u>			
Timber	\$15,420,902	\$20,594,286	/\$5,173,384
Grazing.....	2,293,773	2,898,290	/604,517
Land Use, Power, etc....	<u>772,640</u>	<u>743,855</u>	<u>-28,785</u>
Subtotal.....	18,487,315	24,236,431	/5,749,116
<u>Receipts from Tongass Forest,</u>			
<u>Alaska, held in Suspense</u>			
<u>Account.....</u>	—	130,594	/130,594
<u>Receipts from controverted</u>			
<u>O&C lands held in Special</u>			
<u>Account.....</u>	<u>338,787</u>	<u>589,229</u>	<u>/250,442</u>
Total receipts.....	<u>18,826,102</u>	<u>24,956,254</u>	<u>/6,130,152</u>

For the first 6 months of the fiscal year 1949 "Forest Reserve Fund" receipts total \$17,578,407 compared with \$11,223,309 in the comparable period of the fiscal year 1948, an increase of \$6,355,098 or 56 per cent.

Net Area of lands under Forest Service administration increased from 180,264,254 acres as of June 30, 1947, to 180,528,062 acres on June 30, 1948, or 263,808 acres. This increase in net area is classified as follows:

By purchase.....	103,491 acres
By exchange.....	138,673 acres
Other.....	<u>21,644</u> acres
Total.....	263,808 acres

Timber Sales. The volume of timber cut from the National Forests in the fiscal year 1948 amounted to 3,758,885,000 board feet, or approximately the same as the volume cut in fiscal year 1947. Approximately 40 per cent of the total volume and 46 per cent of the total value cut came from the states of Oregon and Washington, despite the fact that adverse weather conditions and floods in the Pacific Northwest substantially reduced the volume of timber cut in that area during the last quarter of the fiscal year. It is estimated that the cut in the fiscal year 1948 would have exceeded the cut in the fiscal year 1947 had the weather conditions not been adverse in the spring of 1948. The following table compares certain timber statistics for the fiscal years 1947 and 1948:

	<u>F.Y. 1947</u>	<u>F.Y. 1948</u>
Cut in board feet.....	3,834,588,000	3,758,885,000
Value of timber cut.....	\$16,399,890	\$21,054,110

For the first 6 months of the fiscal year 1949, the amount of timber cut, compared with the same period of 1948, increased 304,929,000 ft. from 2,270,115,000 to 2,575,044,000 ft.

Alaska timber sale. Preliminary award of the first sale of pulp timber from the National Forests of Alaska was made on August 2, 1948. This sale of 1.5 billion cubic feet of timber in the Tongass National Forest will require the construction by the purchaser of a \$20,000,000 to \$30,000,000 pulp mill. The contract covers a 50-year period. Direct employment by the contractor in the woods and in the plant will aggregate more than 1,000 employees. In addition, the families of these employees, and the indirect employment which will result from the operation, will increase the population in the vicinity of the plant by 4,000 to 5,000 persons.

Fire Control. The 1948 fire season has been more favorable than usual throughout the Northwest, because of the late spring and unusually wet early summer in this portion of the United States. A sharp reduction in man-caused fires on National Forests of the southern states was also a favorable factor.

However, unusual drought conditions persisted in the Southern Idaho Forests, in the southwest, and in southern California throughout the summer and late fall, and destructive and fast spreading fires in southern California in November offset gains elsewhere. Early spring drought in the Lake States and drought condition in the southern states, particularly Louisiana and Texas, have also been important offsetting factors. These situations resulted in a number of difficult fires requiring heavy equipment and large forces for control with consequent heavy expenditure. The 1948 fire season has been more favorable than the 1947. However, the unit cost of all phases of fire fighting have continued to increase:

The foregoing conditions are reflected by the following comparative statistics for the calendar years 1947 and 1948:

	<u>1947</u>	<u>1948</u>
No. of lightning fires.....	4,410	2,900
No. of man-caused fires.....	<u>6,815</u>	<u>5,432</u>
Total number.....	11,225	8,332
 No. of fires exceeding 10 acres in size.....	 1,918	 1,272
 Area National Forest land burned over.....	 187,006	 130,505

The most promising feature in current progress is the use of helicopters in actual fire fighting operations on going fires. Systematic trials were conducted in mountainous forest terrain on the West coast, northern Idaho, and western Montana. Tests have demonstrated the high potential service value of these machines.

Grazing Use. The most pressing needs in the management of the 80,000,000 acres of National Forest lands which are used for grazing of domestic stock, are to further improve and reseed many ranges and to bring the number of stock into balance with the carrying capacity of the range. On most areas this means reducing the number of stock now on the range. Progress has been made during the year in changing stocking despite widespread pressure against such action. Concurrently, improved management practices are being obtained, and range improvements, such as fences and watering places to obtain better distribution of permitted livestock, are being constructed to the extent that funds are available.

The number of stock under permit was reduced from 5,032,663, in the calendar year 1946 to 4,661,246 in the calendar year 1947. While the number of stock under permit was reduced by 7%, receipts in the calendar year 1947 increased 11% (from \$2,054,599 to \$2,286,542) because of higher fees charged in the year 1947 as compared with 1946. A slight reduction in the number of stock has been made in the calendar year 1948, but receipts will increase by more than 25%, to approximately \$2,850,000, because of a substantial increase in grazing fees.

Maintenance of Improvements. The total estimated cost of maintaining the \$111,000,000 cost value of existing improvements on the National Forests (exclusive of roads and trails) is approximately \$4,000,000, as reflected in the table which follows. Funds available for maintenance in 1948 were \$2,575,276. Thus, the maintenance program was of necessity, based on a relative priority selection of the most urgent projects such as key telephone lines, lookout towers, fences, etc. Even on these improvements full maintenance was not given in order to spread the available money over as many projects as possible. The inevitable deterioration of improvements because of improper maintenance is minimized by this procedure. Rising costs have also contributed to the backlog of maintenance work.

A tabulation of improvements in existence is given belows

<u>IMPROVEMENT</u>	<u>No. of Units (Miles or No.)</u>	<u>Unit Costs</u>	<u>Total Cost of Maintenance</u>
Telephone Lines.....	61,433	\$ 12.72	\$ 781,428
Fire breaks.....	5,109	80.61	411,836
Airplane landing fields.....	63	331.90	20,910
Lookout houses, towers, and observatories.....	2,944	77.25	227,424
Pump sets.....	530	25.62	13,587
Dwelling, headquarters.....	1,038	184.75	191,770
Dwellings, temporary stations...	2,283	75.33	171,978
Offices, all.....	732	101.25	74,115
Barns, garages, and warehouses..	2,381	66.45	158,217
Fences, headquarters.....	1,141	52.02	59,355
Fences, temporary stations and plantation.....	2,834	17.62	49,935
Water development projects, headquarters.....	1,191	48.09	57,275
Water development projects, temp. stations.....	928	22.35	20,740
Gas and oil storage.....	103	53.14	5,473
Sanitary systems.....	2,263	20.22	45,758
Light, power, and central heating plants.....	208	62.26	12,950
Bunkhouses, barracks, etc.....	673	78.50	52,830
Other improvements, headquarters	3,098	24.55	76,056
Other improvements, temporary stations.....	3,752	9.03	33,881
Range fences and corrals.....	22,804	16.81	383,335
Stock driveways, range (includes bridges).....	6,292	9.61	60,466
Water developments, range.....	13,282	12.87	170,940
Camp grounds, public service....	3,629	123.45	448,000
Camp ground buildings.....	5,469	37.81	206,783
Water systems, camp grounds.....	4,502	15.42	69,420
Dams, all types.....	261	145.27	37,915
Special use facility areas.....	584	24.80	14,483
Other improvements, misc.....	---	--	161,857
Total.....			\$4,018,708

Construction of Improvements. Funds available for construction of improvements (exclusive of roads and trails) in the fiscal year 1948 were \$186,000. This amount provides for the replacement of a few of the most critical needs; and for urgent additions to plant--primarily for housing. Priority generally has been given to housing for the lower salaried forest officers headquartered in small communities and isolated locations where rental housing was not available. In order to provide as much housing as possible, with available funds, many of the project involved moving and remodeling old buildings such as former CCC camps.

Recreation Use. During calendar year 1947, public use on the 5,000 improved recreation areas on the national forests increased 16% over 1946.

Summer use on campgrounds, picnic areas, and organization camps was 9,001,000 visits in 1947 as against 7,898,000 in 1946 - up 14%.

Winter use on the 236 winter-sports areas was 1,725,000 visits in 1947, an all time high, as against 1,249,000 in 1946, or an increase of 38%. This upward trend is continuing as shown by winter-sports use of over 2,000,000 during the 1947-1948 winter season.

Use of other national forest areas such as resorts, summer homes, and wilderness areas and the use made of forest land for hunting and fishing also showed a small increase.

Practically no new recreation areas have been constructed since the war and a combination of overuse and old age is making maintenance of many areas a difficult task. Only essential sanitary and fire control improvements can be kept in good repair.

The pressing need for caretakers and maintenance men on overused public recreation areas, summer and winter, is making such demands on available funds that it is impossible to proceed with urgently needed recreation area planning and forest recreation plans.

The area adjacent to the Shasta Reservoir, for which there is a potential large use for recreation, was taken over by the Forest Service and added to the Shasta National Forest on July 1, 1948, pursuant to Public Law 449, approved March 19, 1948. This use will require substantial improvements to meet public needs.

Miscellaneous Lands Activities. National forest lands totaling 2,055,000 acres are under special-use permits authorizing their occupancy and use for various public, semi-public, and private purposes. There are 46,000 permits in force and, during 1947, 7,400 new permits were issued and 5,100 permits were closed. Permits for cultivation, cabins, corrals, drift fences, reservoirs, pastures, summer homes, roads, stock tanks, telephone connections, and water transmission constitute the major uses.

Mineral permits and leases are now issued by the Bureau of Land Management for all acquired national forest lands, but the Forest Service reports on all applications and gives its consent to the issuance of the permits or leases. This is a particularly time-consuming job.

Receipts from the occupancy and use of national forest lands were \$552,633 in fiscal year 1948, exclusive of revenues collected by the Bureau of Land Management, which have not been reported yet but are expected to be in the neighborhood of \$60,000.

Land Exchange. Congress has passed more than 80 laws authorizing the exchange of National Forest land and timber for private lands intermingled with or adjacent to National Forests. During the fiscal year 1948, the Secretary of Agriculture approved 74 exchanges in which the United States will receive 95,493 acres, valued at \$1,299,397 and will grant in exchange 5,005 acres of National Forest land valued at \$43,464 and stumpage valued at \$1,188,874.

Mapping. Aerial photography totaling 2,390 square miles for mapping was made available during the fiscal year 1948 through other governmental agencies, thereby effecting economies in these phases of our mapping program. Approximately 1,829 square miles were flown for manuscript revision. One mapping area of 2,825 square miles was completed and is ready for reproduction, and another area of 1,185 square miles was completed in field and office control operations, one-half of this project was plotted and made ready for field editing. Control work was completed in the field on another area of 1,289 square miles and work was started on one quadrangle of a new area of 1,370 square miles. As a result of tests conducted during the year, a new mapping procedure was developed and adopted, which it is estimated, will save 25% in the cost of field controls which in the past has amounted to 65% of the cost of mapping.

During the fiscal year 1949, it is proposed to secure control photography for up to 93 fifteen minute quadrangles totaling 21,095 square miles for the purpose of extending control from a minimum of high order control points and to provide an adequate backlog of process material for a well balanced mapping program. Field editing will be completed on a 1,825 square mile area, reproduction will be completed on a 2,825 square mile area, and field control will be completed on 2,440 square miles.

Watershed Management. Operating standards for use in removal of timber in certain areas of high erosion potential and to protect the natural regimen of stream channels have been developed to provide improved watershed protection. A successful effort was made to preserve a minimum waterflow for recreational values in a natural stream channel in connection with the renewal of a federal power license. An intensive study of the condition of the watershed of the city of Grand Junction, Colorado, was made by watershed and range management technicians for the purpose of determining the necessary balance of use of the area between grazing and for municipal water supply.

Reforestation. In the fiscal year 1948, 33,074 acres of denuded lands were planted on the National Forests, approximately one-half of this acreage being planted in the Lake States, and about 10 per cent each in the South and the Pacific Northwest. Development work on two new nurseries in California and Oregon was continued. Work on removal of brush and weeds competing with planted trees on young forest plantations was conducted on 11,531 acres previously planted areas, primarily in the Lake States.

Revegetation. A total of 50,653 acres of depleted national forest range was reseeded in the fiscal year 1948. The progressive development of an intensive range-reseeding program calls for expenditures of funds in addition to those used for actual reseeding. In addition to labor and seed costs it may be necessary to construct a fence to protect a seeded area, or to purchase expensive equipment such as harrows, plows, and tractors. Often before a large-scale project is undertaken, small scale plantings are tried out on sample areas.

Through practical demonstration it has been proved that it is possible through reseeding to rehabilitate overgrazed areas, sagebrush lands, mountain meadows, and other depleted areas. In many places artificial revegetation has already paid big dividends in a comparatively short time. It may lessen the need for reductions in livestock grazing, restore the more valuable species of vegetation, or reclaim areas which have been devastated by forest fires. Reseeding makes and keeps the areas more productive and helps to prevent erosion.

(d) Fighting Forest Fires

Appropriation Act, 1949.....	\$100,000
Budget Estimate, 1950.....	100,000
Change, 1950.....	<u>- -</u>

PROJECT STATEMENT

Project	1948	1949 :(estimated):	1950 :(estimated):
1. Fire suppression.....	\$4,963,495	\$100,000	\$100,000
Unobligated balance.....	68,505	- -	- -
Total appropriation or estimate....	5,032,000*	100,000	100,000

* Includes regular annual fire fighting deficiency appropriation.

1. Fire suppression: This appropriation covers emergency fire control expenditures on the national forests. Administrative restrictions placed upon the use of these funds by the Forest Service require that expenditures shall not be made therefrom until forest fires have actually started. An exception is made to this rule, however, when fire conditions become so critical that the regular protective organization, which is financed from the appropriation "National forest protection and management," is unable to cope with the situation and when, therefore, the temporary employment of additional guards will clearly reduce expenditures for fire fighting.

(c) Forest and Range Management Investigations

Appropriation Act, 1949.....	\$2,787,500
Anticipated Pay Act Supplemental, 1949.....	149,300
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture".....	25,000
Base for 1950.....	<u>2,961,800</u>
Budget Estimate, 1950.....	<u>2,812,500</u>
Decrease, 1950 (due to partial absorption of Pay Act costs).....	<u>-149,300</u>

PROJECT STATEMENT

(Amounts Shown Include Pay Act Costs)

Project	1948	1949	1950	Increase or (estimated):(estimated):Decrease
1. Experimental forest and ranges.....	\$2,018,187	\$2,380,772	\$2,260,720	-\$120,052
2. Forest fire control investigations.....	84,506	129,250	122,765	-6,485
3. Range management and reseeding.....	393,888	451,778	429,015	-22,763
Total pay act costs.....	[- -]	[188,122]	[173,380]	
Unobligated balance.....	2,419	- -	- -	- -
Total available.....	<u>2,499,000</u>	<u>2,961,800</u>	<u>2,812,500</u>	<u>-149,300 (1)</u>
Transfer in 1950 estimates: from "Printing and bind- ing, Department of Agriculture".....	-24,000	-25,000	- -	
Anticipated pay act sup- plemental.....	- -	-149,300	- -	
Total appropriation or estimate.....	<u>2,475 000</u>	<u>2,787,500</u>	<u>2,812,500</u>	

DECREASE

The decrease of \$149,300 is due to partial absorption of Pay Act costs in this subappropriation item and will be met by a reduction in the Forest and Range Management program distributed proportionately, both geographically and functionally, over all three research projects.

STATUS OF PROGRAM

All Federal research on forest and range lands, which make up 54 percent of the Nation's land surface, is carried on under this appropriation. The object of the research is to develop improved techniques which will help to sustain and increase production of the renewable resources, timber, range, and water, from these lands. The results of the research are used as a basis for the management of the national forests and Federal grazing lands, and they are made equally available to States and private land owners throughout the Nation.

Functionally, research under this appropriation is broken down into that concerned with the growing and harvesting of timber products, the protection of forests from fire, the production and efficient use of range forage, and the management of both forest and range vegetation to produce the greatest amount of useable water.

Organizationally, the work is carried on at 11 regional forest experiment stations in the continental U. S., at 1 in Puerto Rico, and at a research center newly established in Alaska. These stations serve the major forest regions into which the United States is divided. As rapidly as possible, programs within major regions are being assigned to research centers serving subregions in which forest and range vegetation, and climatic and economic conditions, are more or less homogenous. Much of the research within the research center provinces is concentrated on experimental forests and ranges. These areas of several hundred to several thousand acres each are either Federally owned or under the control of the Forest Service through leases or written agreements. On them are performed the experiments basic to proper management and protection of forest and range lands, and the practicability of the methods discovered are tested.

Current Activities:

Research in the production of timber is emphasizing the comparison of different methods of harvesting forest stands, taking into consideration the effect of the cutting on new growth, and on the growth of the remaining trees, and the comparative costs of the operations. Also being emphasized are cultural measures leading to control of undesirable vegetation, competing with crop trees, by means of chemicals and otherwise. Methods of reforesting abandoned farm lands, stripped mining-lands, and burned over forests, are being improved through research. The development of hybrid trees for faster and more certain timber production is being studied, as well as improved methods for stimulating gum flow in pines for the production of rosin and its derivatives.

Watershed management research is stressing 4 major phases of key importance in water supply and flood problems: (1) methods of rating lands for watershed values and for better determining the effects of various practices on watershed functioning; (2) effects of logging on soil compaction, erosion rates, and water quality, and the possibilities of developing less damaging timber harvest practices; (3) factors entering into soil stabilization, and improvements in the intake and storage capacities of soils; and (4) the relative effects on water yield of various patterns and intensities of cutting.

Investigative work in fire control activities is directed toward improving the methods and facilities employed in all phases of the control of forest fires and in the reduction of forest fire damage and costs. This work is now being reorganized and the program is being enlarged in scope. Currently, special attention is being given to the possible conditions that may permit the seeding of clouds to reduce the severity of firesetting lightning storms in the Northwest, and to produce artificial precipitation. A special project for accurately appraising the public damage done by fires to brush-covered watersheds of the west coast is nearing completion. Work is going forward also on the use of wetting agents and chemicals to improve the efficiency of forest fire fighting, and on the identification and proper classification of dangerous forest fuels to permit more effective planning of the fire control organization.

Research in range management is currently emphasizing the possibilities for sustained high forage and livestock production, through conservative range stocking, proper season for grazing, conservative utilization of key forage plants, and other improved practices. In reseeding, emphasis is being given to the evaluation of site and other factors which determine what to seed, how to seed, and when to seed for best results under the highly variable conditions in the West and South. The application of tested seeding methods to range types not yet thoroughly studied, the development of cheaper methods, and the determination of adaptability of improved species and strains of forage plants for the severe range environments are also receiving emphasis. The brushland plow and other equipment developed through research for the reduction or removal of dense stands of noxious range plants, such as big sagebrush, and for range reseeding are being refined for more efficient and economical performance. The aim of range research is to obtain greater value from the range, to increase forage production on areas now producing below their potential, and to produce more meat, hides, and wool at lower costs.

Selected Examples of Recent Progress:

A number of new experimental forests were established during the year in research center provinces where there is no suitable national forest land. The interest of industrial, State, and private institutions in the research work at the centers was shown by the large number of leases, at nominal or no rental, and cooperative agreements put into effect for the use of their lands as experimental forests. For example, agreements for the use of State land were made in Minnesota and Iowa, for the use of industrial holdings in Pennsylvania, Virginia, Washington, Alabama, and Georgia, and for the use of college lands in New York. These experimental forests serve not only as laboratories for research work, but, as results accumulate, they are being used increasingly as demonstrations to other land holders in sustained-yield forest management.

During the year research results were rounded out and fitted together for a number of important timber species. Notable among them is ponderosa pine, a species of importance in the territories of all of the forest experiment stations west of the prairies. Work at these stations indicates that throughout its range this forest type can best be managed by means of light, frequent cuttings.

Increased demand for forest products has brought into use a number of "poor relation" species, formerly neglected, because they were considered to be less valuable than their associates. Now there is need for information on their proper management. The Rocky Mountain Forest Exp. Sta. has drawn up rules for handling stands of lodgepole pine. The Lake States and Intermountain Stations have studied the management of aspen, a species which has recently come into favor for pulpwood and box boards and other small dimension forest products.

The use of chemicals to control unwanted forest weed trees has created considerable interest throughout the country. Some of the growth-regulating hormones have been found efficient in killing tops and roots of species that ordinarily sprout prolifically after cutting. The use of these and other chemicals is being investigated at a number of stations where undesirable species are interfering with valuable coniferous tree reproduction.

Tree planting, both for growing timber and for controlling erosion, has been stepped up at an ever-increasing rate since the war. At a number of stations new findings have been published on such problems as the choice of species, spacing, season for planting, and site preparation. Machines have been developed to reduce the cost of planting and of cultivation, transplanting, and lifting stock in the nurseries. Weed killers have been developed to save the expense of hand weeding in nursery beds.

An experiment in the use of airplanes to sow forest tree seeds was started last winter in Maine following the severe fires there. These fires destroyed all tree growth that might have reseeded the forest. Rodents which might eat the seeds were greatly reduced and vegetation that could compete with the young tree seedlings was destroyed. Thus conditions should be favorable for the development of a new stand of trees from seeds sowed from the air. It was found that the cost of airplane seeding is much less than the cost either of hand sowing the seeds on the ground or of planting nursery-grown stock. Therefore, this method of direct seeding, if successful, promises a radical change in our methods of regenerating large burns.

The production of naval stores was made more economical through the perfection of a simple practical new spray gun for the application of acid to stimulate the flow of gum from pine trees. This new spray gun consists of a non-corrosive plastic nozzle fitted to a flexible plastic bottle which can be squeezed with one hand to eject the acid. This new device was well received by laborers and operators alike. It is now available on the market and is being widely used by gum farmers throughout the naval stores belt.

Mass production of hybrid pine seeds is under way at the Institute of Forest Genetics, a branch of the California Forest and Range Experiment Station. Regional forest experiment stations throughout the country are establishing plantations to test these superior trees under forest conditions.

The damaging effects of current logging methods have further been confirmed by studies in the Southeast where extremely high turbidities and temperatures have been recorded. An area has been selected for the application of conservative logging methods to reduce soil losses and turbidity and also to permit more economical operations.

Continued measurements of the effects of cutting on water yield show significant increases still obtaining from a watershed cut over 5 years ago. Most significant increases have been in the low and medium flows of great importance for hydroelectric and water supply storage systems.

Studies of the effects of pine and hardwood growth on damaged upland areas in Mississippi and Tennessee showed hardwoods to be most effective in reducing soil compaction and increasing water absorption.

Snow is a factor in spring floods. Continued investigations show that types and intensities of uses which compact the soil result in the formation of firm frost, an effective bar to the intake of water, in contrast to the permeable frost of undisturbed or properly managed forest lands.

A watershed fire-damage study in southern California is nearing completion. It shows that public damage to watersheds, that results down-stream from fires in brush cover there, varies widely from 15¢ to over \$156.00 per acre on a single national forest. By defining the public values at stake, a sound basis for public financing of protection is established.

The study of the possible value of cloud seeding in forest fire fighting has been continued in cooperation with the General Electric Company and with the Weather Bureau.

Studies on the value of wetting agents in forest fire fighting designed to result in specifications for chemicals of most value for this purpose, have been conducted in cooperation with the University of California in Los Angeles, and field tests will be conducted during the next year.

Drought, resulting in inadequate range forage supply, usually causes severe overstocking which in turn impairs sustained range forage and livestock production and causes serious financial losses to stockmen. Management, developed by research on the Santa Rita Experimental Range in Arizona, maintained the range at a rather high productive level during drought, produced a high calf-crop, and practically normal calves. An average of 363 pounds of beef per cow has been produced annually through the recent drought years. On adjacent range, lacking such management, average beef production per cow totaled only 241 pounds annually. At current market levels, the return per cow was more than \$25.00 greater. Moreover, only a 15 percent reduction has been necessary in the breeding herd. On ranges lacking improved management many herds have had to be cut 30 to 50 percent to avoid starvation losses, even with expensive supplemental feeding.

Mesquite can be eradicated. The Southwestern Forest and Range Experiment Station has recently shown that two forms of mesquite, tree and sand dune, which now occupy 60 million acres of once highly productive range land in the Southwest can be killed with diesel oil or high concentrations of 2, 4-D. Good results were obtained on tree type mesquite by spraying

diesel oil on the trunk or stump or pouring it on the soil around the trunk during fall or winter. One gallon of oil will treat 5 to 7 trees. Diesel oil is non-poisonous and therefore is not hazardous to workers or range livestock as is arsenic, earlier proved useful in killing mesquite. In tests on dune type mesquite a water spray containing 10,000 parts per million of the methyl ester of 2, 4-D killed more than twice the percentage of plants as the diesel oil spray. Sprays having lower concentrations of 2, 4-D than 5,000 parts per million were ineffective.

Reseeding research has paid good dividends. Research results obtained during the last 12 to 14 years have provided the knowledge of what, where, when, and how for successfully reseeding more than five million acres of western range lands. Two years after seeding a mixture of crested wheat-grass, smooth brome, and yellow sweet clover on sixty acres of abandoned farm land at the Manitou Experimental Range in Colorado, for example, 3100 pounds of air-dry herbage were produced per acre, about 100 times as much forage as comparable abandoned fields, and nearly six times that produced on adjacent depleted unplowed native range. Many range areas, seeded by practices proven experimentally, now produce 10 to 20 times as much forage as before seeding. Costs have varied from \$1.20 to \$6.00 per acre. Grazing value of the land has been increased \$8 to \$10 an acre. Annual value of the increased forage is at least 50 cents per acre, or a total increase on the 5 million acres reseeded to date of \$2,500,000, or more, annually.

Sagebrush removal equipment. One of the most difficult aspects of the range reseeding problem in the West has been the development of methods to reduce or remove dense stands of big sagebrush from deteriorated range lands in need of reseeding. Development through research of the "brushland plow" which embodies the best features of several disk plows now appears to offer a solution to this problem. It incorporates a heavy frame, ruggedness, cast steel and roller bearings throughout, and unequal-sized disks mounted in pairs on independent actions. This knee-action feature enables the paired disks to roll over obstacles without lifting the entire plow and thereby avoids breakage, a costly feature in the use of available plows. During recent trials the "brushland plow" removed 97% of the big sagebrush from old even-aged stands as well as other stands of varying age and density.

Forest grazing in the Ozarks. Ozark forests can be grazed for approximately a 200-day summer season. Although at least 25 acres are required per cow and calf to provide adequate forage for this period, considerably more than improved meadow pastures, these woodland areas continue to produce palatable forage during the hot dry period from late July through August when forage production on farm pastures practically stops.

Beef cattle production can be highly profitable on the best switch cane ranges in the Southeast. Only mineral supplements are needed to maintain breeding cows in a thrifty condition from May through January and to enable them to produce calves weighing 300 to 400 pounds at weaning time in November. About $3\frac{1}{2}$ acres of good switch cane range are needed per cow and calf over a seven-month season under continuous moderate stocking. The grazing season can be extended from January through April by feeding protein supplements. Such wintering on the range is far more economical

than wintering in the feed lot. By supplying the essential roughage in the fattening ration, good switch cane range also provides the equivalent of 10 pounds of hay per steer daily or about 1500 pounds per head during the finishing period.

(f) Forest Products

Appropriation Act, 1949.....	\$1,125,000
Anticipated Pay Act Supplemental, 1949.....	55,000
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture".....	7,000
Base for 1950.....	1,187,000
Budget Estimate, 1950.....	1,172,000
Decrease, 1950 (due to partial absorption of Pay Act costs)...	<u>-15,000</u>

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)	Decrease
1. Forest Products Laboratory:				
Conditioning and protection of wood products.....	\$279,493	\$287,280	\$283,650	-\$3,630
Properties investigations and wood products development....	426,195	398,710	393,690	- 5,020
Pulp and paper.....	180,045	158,650	156,630	- 2,020
Chemically converted and derived products investigations.....	210,179	185,090	182,733	- 2,357
2. Forest Utilization Service.....	155,973	157,270	155,297	- 1,973
Total pay act costs.....	[- -]	[69,540]	[67,553]	
Unobligated balance.....	6,115	- -	- -	- -
Total available.....	<u>1,258,000</u>	<u>1,187,000</u>	<u>1,172,000</u>	<u>-15,000 (1)</u>
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture".....	-8,000	-7,000	- -	
Anticipated pay act supplemental.....	- -	-55,000	- -	
Total appropriation or estimate.....	<u>1,250,000</u>	<u>1,125,000</u>	<u>1,172,000</u>	

DECREASE

(1) The decrease of \$15,000 in this item is due to partial absorption of Pay Act Costs which will be met by curtailment of work and services at both the Forest Products Laboratory and the Forest Utilization Service units.

STATUS OF PROGRAM

Current Activities: Forest products research has as its objective the more complete and efficient utilization of the forest crop. It involves studies directed toward the reduction of waste and the utilization of unavoidable wastes; the increased use of unpopular species and low quality wood; the development of new and useful products from wood; and increasing the serviceability and satisfaction of forest products to the user. Selected examples of the work now underway include:

1. Housing: Studies are underway to determine the behavior of wood flooring over radiant heating pipes with a view of overcoming any difficulties arising from shrinkage or buckling. Among the many new materials being tested to determine their suitability for walls and flooring are the "sandwiches". They consist of high-density, high-strength faces firmly bonded to a light low-strength core. A promising sandwich construction now undergoing extensive service tests consists of a honeycomb paper core impregnated with a synthetic resin with plywood faces. Studies are also underway to determine in what part of a house low grade lumber can be satisfactorily used in place of the higher grades now generally specified. Increased use of the lower grades would reduce housing costs and afford an outlet for a grade of lumber that is becoming a drug on the market.
2. Sorting low quality logs: While hardwood sawlog grades are now available (see item 1 under "Selected Examples of Recent Progress") little or no work has been done on the important problem of establishing guides for channeling low quality logs into products that offer prospect of most profitable utilization. A study recently started has as its purpose: (1) establishing the basis for sorting low quality logs for their best use such as ties and timbers; excelsior and rough fiber; pulp and chemical wood; and small dimension, staves and box; (2) determining the minimum quality of log that gives reasonable yields for various products at different levels of commercial production, also the qualities suited to only one product and those suited to several alternate products; and (3) setting up merchantability standards for forestry and commercial operations.
3. Pulp from "standing dead" jack pine: As a part of its extensive program directed toward increasing the utilization of less popular species and wood wastes of various kinds for pulp production, the Laboratory is experimenting with "standing dead" jack pine. In the work done so far it was demonstrated that sulfate pulps from "standing dead" jack pine are as strong as those made from green-cut wood with only slightly lower yields. As a result of these tests, a recent sale of jack pine from the Superior National Forest called for including up to 10 percent of the standing dead wood. This has meant a definite improvement in the condition of the forest as well as an increase in revenue to the Government.
4. Cut-stock from waste and low grade wood: A study is underway dealing with the problems involved in the production and use of dimension or cut-stock, especially from western softwoods. The

need is especially urgent for the many mills operating on low quality material that is uneconomic to ship long distances in the form of rough lumber and for those sections of the country where extension of processing operations is needed for the industrial development of the region. From a field analysis and survey it was determined what modifications are needed at mills for increasing cut-stock production; and what present and potential uses are for cut-stock by millwork, furniture, trailer and other consuming factories. A report giving the results of this work is now in preparation for use by the producing and consuming industries.

5. Fruit and vegetable containers: Work is underway to improve the design or develop new picking boxes and shipping containers used by fruit and vegetable growers, that will give better performance and cost less than present containers.

Selected Examples of Recent Progress:

1. Hardwood sawlog grades: There has long been a need for specifications that will permit the segregation of sawlogs into quality classes according to their yields of the various grades of lumber. They would provide the timber owner the opportunity of realizing the full value of the logs he markets, the lumber manufacturer the option of buying quality classes of logs that best meet his requirements, and the forester with the means of making more accurate inventories and appraisals. Work begun sometime ago on hardwoods was completed, and there is now available a set of hardwood sawlog grades for application on a national basis.
2. Basic stresses for timber increased: An increase in the value of basic stresses for wood to 10 percent above the prewar level in bending and shear, and for conditions of full duration of load has been recommended. No increase in basic stress in compression was believed warranted. An increase of 10 percent was also recommended in all properties except modulus of elasticity for the condition of service in which the total duration of maximum load does not exceed 3 years. These increases are based on the results of a reanalysis of working stresses. The results are summarized in Supplement No. 2 to Miscellaneous Publication 185 "Guide to the Grading of Structural Timbers and the Determination of Working Stresses," entitled "Recommendations for Basic Stresses."
3. Cull woods for corrugating board: It was demonstrated that satisfactory corrugating-board pulp can be produced by the neutral sulfite semi-chemical process from mixtures of hard and soft maple, yellow birch, beech, elm, and basswood that have been wasted in large quantities in the upper peninsula of Michigan because they were too poor in quality for lumber or veneer. Yield of pulp ranged from 75 to 80 percent from wood containing 10 to 15 percent of bark. Corrugating boards made from the pulps are somewhat stronger than commercial chestnut corrugating board and much stronger than commercial straw-board.

4. Rayon pulps from hardwoods: In connection with efforts to widen the utilization of hardwoods, laboratory tests have demonstrated that viscose rayon pulps can be produced in good yield and of good quality from hardwoods by both the sulfate and semichemical processes with and without hydrolysis of the wood prior to cooking.
5. Fire resistance of houses: In connection with the work being done to find ways and means to give wood, wood products and wood structures greater safety from fire at reasonable cost, a series of "burn-out" tests were made on a structure, representative of a furnished 8 by 12 foot room. Various wall and ceiling materials were tried including interior plywood, insulation board and plaster applied to insulation board lath. Temperature measurements obtained at various locations in the room revealed that the type of materials used for the walls and ceilings had no significant effect on the rate of temperature rise indicating that the combustible contents of the room were the principal source of fuel.
6. Sanded paint finish durable on plywood: Test-fence studies of Douglas-fir and Western hemlock plywood of exterior grade have revealed that a coating of house paint containing sand lasts much longer, curtails checks, and conceals the checks that do develop better than any ordinary paint coating. The sanded paint finish consisted of one priming coat of high-quality house paint, a second coat of paint in which ordinary builders' sand was sprinkled generously while the paint was still wet, and a third coat of the paint. The finish is somewhat more expensive than ordinary coatings of house paint. The sanded paint presents the appearance of stucco or painted cement.
7. Plywood from Southern water oak: A study in the production of veneer and plywood from water oak (Quercus nigra, Q. phellos) was completed. About 8,500 board feet of logs were cut into 1/15- and 1/17- inch veneer and glued into plywood panels 4 by 8 feet in size. The results were favorable and one company has gone into the commercial production of water oak plywood.

(g) Forest Resources Investigations

Appropriation Act, 1949.....	\$822,000
Anticipated Pay Act Supplemental, 1949.....	47,600
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture.....	13,000
Base for 1950.....	882,600
Budget Estimate, 1950.....	866,000
Decrease, 1950 (due to partial absorption of Pay Act costs)....	<u>-16,600</u>

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	1949 :(estimated):	1950 :(estimated):	Decrease
1. Forest survey.....	\$761,266	\$804,510	\$789,634	-\$14,876
2. Economic investigations:	73,258	78,090	76,366	-1,724
Total pay act costs.....	[- -]	[59,798]	[57,446]	
Unobligated balance.....	476	- -	- -	- -
Total available.....	835,000	882,600	866,000	-16,600 (1)
Transfer in 1950 estimates:				
from "Printing and bind-:				
ing, Department of				
Agriculture".....	-13,000	-13,000	- -	
Anticipated pay act sup-:				
plemental.....	- -	-47,600	- -	
Total appropriation				
or estimate.....	822,000	822,000	866,000	

DECREASE

(1) The decrease of \$16,600 in this item is due to partial absorption of Pay Act Costs, which will be met by a curtailment of programmed surveys and investigations.

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STATUS OF PROGRAM

The objectives of these investigations is to determine the amount and kind of timber resources in the United States, and possible solutions to economic problems of ownership, production, marketing, etc., associated with management and use of the nation's timber resources.

Current Activities: The nation-wide survey of forest resources is designed to determine the area and condition of forest lands, the volume and quality of remaining stands of timber, the annual growth of new timber crops, annual depletion of timber by cutting and destructive agencies, and potential requirements for various timber products from United States forests.

Facts on timber resources obtained by the forest survey are widely distributed in the form of printed reports and type maps, and in answer to thousands of special requests from pulp and lumber companies, timber land owners, farmers, railroads, state and federal officials, and various others. Survey findings on timber resources and requirements for forest products are not only of great value to private industry and the public, but are also essential information for guiding national and state policies in forestry affairs.

As of July 1, 1948, a total of 365 million acres, or nearly 60 percent of the nation's total forest land, had been surveyed since inception of the forest survey in 1930. Unsurveyed forest lands still to be covered in the future totaled 259 million acres. Of the area surveyed during the 1930's a total of 254 million acres were in need of resurvey to measure the important changes that have occurred as a result of growth and depletion, especially the heavy cutting during the war and post-war periods.

Current Rate of Progress:

Field inventory work on initial surveys during fiscal year 1949 will cover an estimated 39 million acres of forest lands in 8 states, including California, Kentucky, Montana, New York, Pennsylvania, Tennessee, Vermont, and West Virginia. Resurveys to bring forest inventory information up-to-date are covering about 45 million acres in Arkansas, Florida, Idaho, Michigan, Minnesota, Mississippi, Oregon, Washington, and Wisconsin. Office computations and reports, which necessarily await completion of certain field work, are being completed as rapidly as possible. In a number of States progress is being substantially aided by cooperation from various State agencies - notably in California, New York, Florida, Minnesota, and West Virginia. By providing financial and other assistance the States are thus able to obtain more detailed resource statistics and maps than could be provided by Federal funds alone.

Investigations of forest economic problems included studies of forest land ownership, currently underway in Mississippi and the Northeast, to determine patterns of forest land ownership, reasons for acquiring forest resources, factors influencing forest owners in managing and utilizing timber, and possible policies for improving forest use by different classes of owners. The forest situation in the United States was

appraised in a number of reports for Congressional committees, the Munitions Board, and various other agencies. In connection with the European Recovery Program, analyses were made of the probable export availability of timber from the United States, European plans for meeting timber requirements were reviewed, and technical consultation was provided for phases of the Economic Cooperation Administration program dealing with forest products.

(h) Forest Development Roads and Trails

Appropriation Act, 1949.....	\$9,750,000
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture".....	2,000
Base for 1950.....	9,752,000
Budget Estimate, 1950.....	9,752,000
Change, 1950.....	- -

Note: Although there is no change in the amount requested for this item in 1950, there will be a decrease in funds available for obligation in fiscal year 1950 due to the availability of a prior year balance of \$923,440 in the fiscal year 1949.

PROJECT STATEMENT
(Reflects available funds)
(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)	Decrease
1. Forest development roads and trails (obligations).....	\$10,290,053	\$10,675,440	\$9,752,000	-\$923,440
Total pay act costs.....	[- -]	[405,397]	[399,957]	
Total	10,290,053	10,675,440	9,752,000	-923,440 (1)
Prior year balance available.....	-211,493	- -	- -	
1948 balance available				
1949.....	+923,440	-923,440	- -	
Transfer in 1950 estimates: from "Printing and bind- ing, Department of Agriculture.....	-2,000	-2,000	- -	
Total appropriation or estimate.....	11,000,000	9,750,000	9,752,000	

DECREASE

(1) Decrease of \$923,440 on a total available funds basis. In view of the necessity for maintenance of existing roads and trails which it is estimated will require \$8,150,000 in 1950, the reduction of \$923,440 in total funds available will be applied against construction funds, leaving an estimated \$1,602,000 available for construction of new roads.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows: (new language underscored, deleted matter enclosed with brackets)

For expenses necessary for carrying out the provisions of section 23 of the Federal Highway Act approved November 9, 1921, as amended (23 U.S.C. 23, 23a), [and for] relating to forest development roads

and trails, including the construction, reconstruction, and maintenance of roads and trails on experimental areas under Forest Service administration, [(1) \$9,750,000 for forest development roads and trails, and (2) \$5,300,000 for forest highways]

- 1 \$9,752,000, which [sums are] sum is authorized to be appropriated by the [Act] Acts of December 20, 1944 (Public Law 521), [in all, \$15,050,000] and June 29, 1948 (Public Law 834) (including not to exceed [\$100,000] \$111,188 for personal services in the District of Columbia), to be immediately available and to remain available until expended: Provided, That this appropriation shall be available for the rental, purchase, construction, or alteration of buildings necessary for the storage and repair of equipment and supplies used for road and trail construction and maintenance, but the total cost of any such building purchased, altered, or constructed under
- 2 this authorization shall not exceed [\$10,000] \$15,000, with the exception that any building erected, purchased, or acquired, the cost
- 3 of which was [\$10,000] \$15,000 or more, may be improved within any fiscal year by an amount not to exceed 2 per centum of the cost of
- 4 such buildings certified by the [Secretary] Chief of the Forest Service.
- 5 [Forest roads and trails; For an additional amount, fiscal year 1949, for "Forest roads and trails," for forest highways, \$7,500,000, to be available immediately and to remain available until expended; and, in addition to this appropriation, contracts may be entered into and obligations incurred prior to July 1, 1949, for forest highway work in an amount not to exceed \$7,500,000.]

The first group of changes in made necessary because of the passage of the Federal Aid Highway Act of 1948 approved June 29, 1948, (Public Law 834). This act authorized, among other things, appropriations for forest development roads for the fiscal years 1950 and 1951, and provided that future appropriations for Forest Highways be made to the Public Roads Administration. The title of the appropriation, therefore, has been changed and all references to Forest Highways have been eliminated from the language of this item.

The second and third changes provide for an increase in the building limitation from \$10,000 to \$15,000 because of the substantial advance in building costs which have occurred in recent years and because of the need for larger warehouses and shops. Road construction and maintenance work is becoming increasingly mechanized as time goes on and there is a current need for larger warehouses and shops to store and repair this equipment. These changes are similar to those proposed under the "Preamble."

The fourth change would authorize the Chief of the Forest Service, in lieu of the Secretary of Agriculture, to certify to the cost of buildings which have reached the statutory limitation. While the number of certifications per year is not large, it appears unnecessary to continue to burden the Secretary with this task.

The fifth change deletes the language for supplemental appropriation which was made for Forest Roads and Trails in the Second Deficiency Appropriation Act, 1948.

STATUS OF PROGRAM

Forest Highways

Section 23 of the Federal Highway Act of 1921 (42 Stat. 221) provides that appropriations shall be for two classes of Forest Roads. Forest Highways are primarily roads that serve public traffic. They are sections in State or County Systems that connect those systems across non-forest lands. Under the provision of the Federal Aid Highway Act of 1948, approved June 29, 1948, Forest Highway appropriations will be made to the Public Roads Administration beginning with the fiscal year 1950.

Forest Development Roads and Trails

The second class of roads provided by Section 23 of the Federal Highway Act of 1921 is Forest Development Roads and Trails. This system is primarily important for the protection, administration and utilization of National Forest resources. These roads are ordinarily built to serve the property rather than inter-community or cross forest traffic, but do at the same time extensively supplement county secondary systems and provide access to a great many private holdings. Forest Development Roads are most often surfaced with dirt or gravel and are usually considerably below highway standards in other respects. The horse and foot trails are primarily for protection against fire, but are also extensively used by cattlemen, miners, sportsmen and other recreationists.

The appropriation for Forest Development Roads and Trails in the fiscal year 1949 was \$9,750,000. Maintenance is under way at an estimated cost of about \$8,000,000. Maintenance will be accomplished on about 75,000 miles of roads and 88,000 miles of trails. The work this year includes the replacement of about 300 old timber bridges at a cost of about \$1,300,000. This activity will have to be continued for many years as the timber bridges built by the Civilian Conservation Corps become unsafe for further use. Gravel surfacing must be replaced on at least 500 miles of road at a cost of about \$600,000.

After financing the essential maintenance that must be done to preserve the investment in the roads and trails and to serve the traffic over them, there will remain less than \$2 million for construction. This will be used primarily for the construction and reconstruction of the most urgent timber access roads.

Current Progress

During the fiscal year 1948 a total of 73,068 miles of roads and 85,060 miles of trails were maintained. Construction and betterment of roads and trails on the development system totalled 878 miles for roads and 53 miles for trails. These figures include the accomplishment from all funds available for road and trail work.

Status of Development Road and Trail System

	<u>Per Cent</u>	<u>Miles</u>	<u>Miles Per Sq. Mile Gross Area</u>	<u>Estimated Cost To Complete</u>
<u>DEVELOPMENT ROADS</u>				
Satisfactory Standard	35	49,892	0.14	-
Unsatisfactory Standard	38	55,494	0.15	\$221,976,000
Non-Existing	<u>27</u>	<u>39,095</u>	<u>0.11</u>	<u>391,426,000</u>
Total	100	144,481	0.40	\$613,402,000
<u>TRAILS</u>				
Satisfactory Standard	61	96,684	0.27	-
Unsatisfactory Standard	28	44,691	0.12	\$ 8,514,500
Non-Existing	<u>11</u>	<u>17,485</u>	<u>0.05</u>	<u>8,742,500</u>
Total	100	158,860	0.40	\$ 17,257,000
Total for Development Roads and Trails				<u>\$630,659,000</u>

(i) Forest Fire Cooperation

Appropriation Act, 1949.....	\$9,000,000
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture".....	1,000
Base for 1950.....	<u>9,001,000</u>
Budget Estimate, 1950.....	<u>9,000,000</u>
Decrease, 1950 (due to absorption of printing funds formerly available under the appropriation "Printing and binding, Department of Agriculture").....	<u><u>-1,000</u></u>

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	(estimated)	(estimated)	Decrease
1. Cooperation with States:				
in fire prevention and				
suppression.....	\$8,987,408	\$9,001,000	\$9,000,000	-\$1,000
Total pay act costs.....	[- -]	[23,437]	[24,083]	
Unobligated balance.....	1,812	- -	- -	- -
Total available.....	<u>8,989,250</u>	<u>9,001,000</u>	<u>9,000,000</u>	<u>-1,000 (1)</u>
Transferred to "Salaries				
and Expenses, Office of				
Information, Department				
of Agriculture".....	+11,750	- -	- -	
Transfer in 1950 estimates:				
from "Printing and bind-				
ing, Department of				
Agriculture".....	-1,000	-1,000	- -	
Total appropriation				
or estimate.....	<u>9,000,000</u>	<u>9,000,000</u>	<u>9,000,000</u>	

DECREASE

(1) Decrease of \$1,000 representing the estimated cost of 1949 printing related to this program which is being paid, during the current fiscal year, by allotment from the Department Printing and Binding fund. Since the appropriation proposed for Forest Fire Cooperation is the amount of the authorization, it is proposed that printing costs applicable to this program in 1950 be absorbed within the \$9,000,000.

STATUS OF PROGRAM

Current Activities: The purpose of this program is to aid States in protecting State and private forests from destructive fires. The program has been in effect for 25 years under authorization of Section 2 of the Clarke-McNary Law and prior to that for 13 years additional under the Weeks Law. Federal assistance to States and private forest owners is necessary because:

- (a) Nearly three-fourths of our Nation's commercial forest lands are in State and private ownership,
- (b) 90% of our lumber and other forest products are cut from these non-federal forests,
- (c) They comprise our most productive and most accessible supply of home grown forest products,
- (d) Prevention and suppression of wild fires is the first essential toward making and keeping these lands productive,
- (e) Wild fire does not recognize private, county or State boundary lines. Therefore, teamwork is highly essential in fire prevention and control,

Current activities comprise financial cooperation in fire control with 43 States and Hawaii. They likewise include special services to States in such things as training in the best fire fighting techniques, procurement and development of better fire tools, motorized equipment, radio and the like; and spearheading Nation-wide efforts to reduce the number of man-caused fires. Ninety percent of the forest fires are man-caused and, therefore, are preventable. The public causes most fires and it, therefore, becomes a public responsibility to help prevent and suppress them.

Federal inspections are made of all cooperative projects. In addition, Federal audits are made of the State cooperative project accounts. Expenditures for this program are made in the first instance by the States, which receive Federal reimbursement from this appropriation of not to exceed 50% of such costs.

The status of protection on January 1, 1948, was:

Needing protection	439 million acres
Now protected.....	328 million acres - 75%
Unprotected but needing it	111 million acres - 25%

The greatest current needs are:

- (a) Extend protection to all areas needing it - 111 million acres still unprotected,
- (b) Intensify protection where it is not now adequate,
- (c) Reduce the number of man-caused fires.

Selected Samples of Recent Progress:

Area under protection was increased by 9 million acres during calendar year 1947. - total now 328 million acres.

In 1947 less than 1% (.86) of the protected area burned as against 18.10% on the unprotected lands.

6,037 prosecutions were made by cooperating States for violation of State fire laws; convictions 91%; 190 cases pending.

Fiscal Year 1948 expenditures were:

State and County	\$12,830,500	- 54.6%
Private	2,064,500	- 8.8%
Federal	8,605,000	- 36.6%
Total	<u>23,500,000</u>	<u>100.0%</u>

This total is an increase of \$3,487,430 over the Fiscal Year 1947.

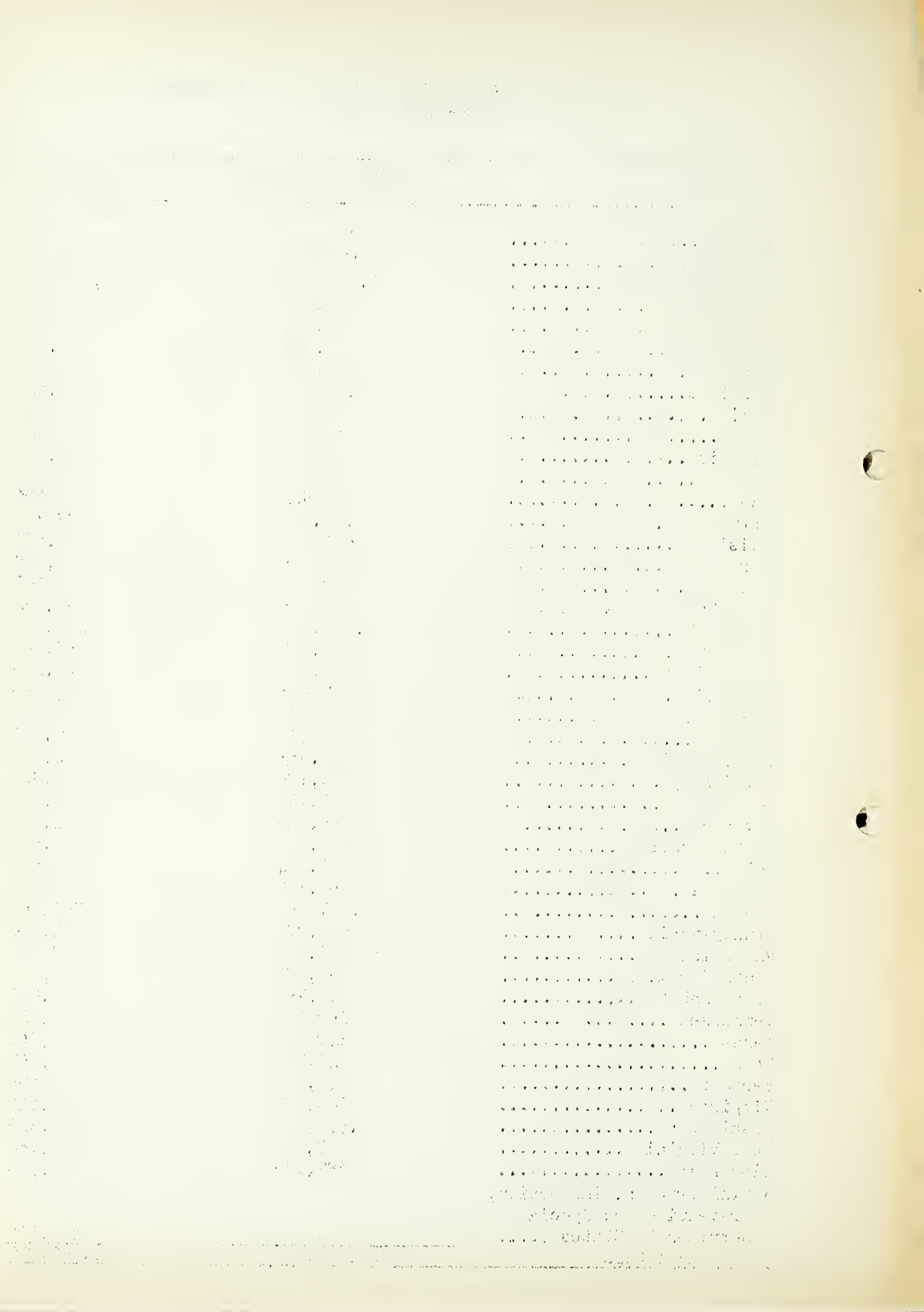
Other examples of recent progress are:

- Increased efforts to reduce the number of man-caused fires.
- More and better training of leaders and fire fighters.
- Establishment of better communication systems - radio.
- Increased use of power equipment for suppression - also airplanes - all result in reduction of fire toll.
- More strict enforcement of State fire laws.

State-private funds budgeted for Fiscal Year 1949 were \$22.9 million, an increase of \$4.6 million over Fiscal Year 1948. (Actual expenditures of State-private funds during the Fiscal Year 1949 will probably be about \$20 million, depending upon the severity of the fire season and amounts spent for fire fighting.)

State Allotments for Forest Fire Cooperation
Fiscal Year 1949

State	State and Private Funds Budgeted	Federal Allotments
Alabama	\$ 706,442	\$ 350,957
Arkansas	575,921	249,929
California	5,796,395	1,373,039
Colorado	60,285	20,844
Connecticut	142,134	47,335
Delaware	12,980	5,146
Florida	703,969	500,595
Georgia	449,420	226,627
Hawaii	9,404	3,642
Idaho	314,412	135,569
Illinois	55,637	19,999
Indiana	109,359	62,242
Iowa	10,524	12,929
Kentucky	139,002	88,343
Louisiana	681,895	210,492
Maine	385,536	137,848
Maryland	252,933	106,907
Massachusetts	227,226	96,034
Michigan	1,001,622	464,129
Minnesota	509,009	288,963
Mississippi	580,021	228,276
Missouri	387,686	202,389
Montana	130,882	82,393
Nevada	26,414	10,032
New Hampshire	116,353	62,688
New Jersey	340,126	104,922
New Mexico	35,199	10,617
New York	1,064,329	214,939
North Carolina	516,305	260,568
Ohio	151,404	60,691
Oklahoma	68,100	52,939
Oregon	1,821,745	761,469
Pennsylvania	423,970	214,530
Rhode Island	70,998	28,868
South Carolina	495,070	344,291
South Dakota	19,765	7,000
Tennessee	160,073	110,700
Texas	342,801	162,069
Utah	49,746	21,563
Vermont	49,970	19,596
Virginia	385,907	170,444
Washington	2,572,666	606,346
West Virginia	257,969	175,766
Wisconsin	687,159	260,335
Administration, Inspection, Prevention and Special Services to States	--	425,000
Grand totals	\$22,898,763	\$9,000,000



(j) Farm and Other Private Forestry Cooperation

Appropriation Act, 1949.....	\$809,500
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture".....	5,000
Base for 1950.....	814,500
Budget Estimate, 1950.....	814,500
Change, 1950.....	- -

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	1949 :(estimated)	1950 :(estimated)
1. Cooperation with States in procurement, production, and distribution of forest-tree and shrub seeds and plants for farmers (Forest Service) :	\$124,367	\$124,600	\$124,600
2. Cooperation with timber land owners: (Forest Service).....	557,653	558,941	558,941
3. Farm forestry investigations (Forest Service).....	24,594	24,616	24,616
4. Cooperation with States for Extension activities in developing farm forestry (Extension Service).....	102,724	106,343	106,343
Total pay act costs.....	[- -]	[13,927]	[14,500]
Unobligated balance.....	5,162	- -	- -
Total available.....	814,500	814,500	814,500
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture".....	-5,000	-5,000	- -
Total appropriation or estimate....	809,500	809,500	814,500

CHANGE IN LANGUAGE

The estimates propose the following deletion in the language of this item:

[; and not to exceed \$30,000 for the construction, alteration, or purchase of necessary buildings, and other improvements].

This provision was inserted originally in the language of the 1940 Agricultural Appropriation Act when increases were being requested for the Prairie States Forestry Project. It was apparently intended to prohibit the construction of buildings by the Federal Government. However, this provision has been interpreted to mean that if the total expended by all cooperating States for construction, alteration and purchase of necessary buildings and other improvements exceeds \$30,000 for the entire United States, the Federal Government will not recognize as proper reimbursement the expenditures exceeding that amount.

The proviso has been inoperative since it was inserted because expenditures by the States for the production and distribution of forest planting stock, and for other farm forestry activities, have been so much

greater than the amount provided by the Federal Government that the States have not found it necessary to include obligations incurred for construction in submitting their reimbursement claims. Therefore, continuation of the provision in the annual appropriation act is unnecessary.

STATUS OF PROGRAM

Current Activities: Nearly three-fourths of this country's commercial-quality forest land is privately owned. These are potentially the most productive and most accessible parts of our forest area. We must continue to depend on privately owned forests for the bulk of our forest products.

We will not get adequate supplies of forest products from privately owned forests unless we make an effort to grow timber as a crop. We've been relying heavily, so far, on the old-growth forests that were here when the nation was settled. Conscious effort means making provision for a new crop of timber when we cut the remaining old-growth or the volunteer second-growth.

As of today we are not making that effort. Some forest properties are well managed but the total acreage is small in comparison with the 345 million acres of commercial forest in private ownership. Three-fourths of the 345 million acres is in small ownerships—mainly in individual holdings of less than 100 acres. The crux of the nation's forestry problem is in these small ownerships. At present, 71 percent of the timber cutting on these small forests makes no provision for future timber crops; on only 4 percent of the cutting area is there adequate provision for future crops.

This appropriation is the major—essentially the only—effort by the Federal Government toward improvement management of privately owned forest lands. It attempts to cover all size classes of private ownership but is aimed chiefly at the 4-1/4 million small forest holdings. In the Fiscal Year 1948 the Federal Government spent \$809,500 and State agencies spent \$1,720,883.

The work under this cooperative program falls into four broad categories:

- (1) Cooperation with states in distribution of forest trees for farm woodland planting.
- (2) Cooperation with states for extension activities in farm forestry.
- (3) Farm forestry investigations.
- (4) Cooperation with states and with timberland owners for a service program of technical assistance in forest management.

Selected Examples of Recent Progress:

1. Planting (Forest Service): In spite of a slight increase in the production of nursery stock by the State tree nurseries in 1947 only about 50% of the demand for planting stock could be satisfied. Factors which are retarding progress in the build-up of

nursery production are (1) inadequacy of available funds to meet the increased costs of nursery work; (2) a scarcity of tree seeds, especially conifer seeds, and (3) the natural lag in bringing transplant stock to a plantable size. The several states are expending their nursery inventories as rapidly as their facilities will permit. In the meantime landowners have not been encouraged to plan reforestation work because it was known that their orders for planting stock would not be filled. The distribution of trees to farmers dropped last year to 42,347,000 from 43,587,000 trees distributed the previous year. An important factor in the reduction in number of trees planted by farmers was the late, wet spring which prevailed in many sections of the country. By the time conditions were suitable for planting trees the farmers were busy with their annual crops. When it became apparent that a considerable number of trees which had been allotted to fill farm orders would not be accepted because of the weather conditions, it was too late to secure reinstatement of orders which had earlier been denied. The trees were therefore diverted diverted to planting on State Forests and industrial land.

2. Extension Forestry (Extension Service):

Farm Forestry Extension: There are 46 States and 2 Territories cooperating with the Department of Agriculture in farm forestry extension, employing 65 State extension foresters who are charged with the responsibility for conducting a Statewide farm forestry extension program and for carrying it out among farm people through several thousand county agricultural agents. The State extension foresters prepare the necessary subject matter by way of bulletins and circulars, press releases, radio programs, visual aids, such as lantern slides, posters, and exhibits. They plan and conduct method and result demonstrations; and they gather and disseminate data and information on forestry activities. Two Federal extension foresters assist the State extension foresters in developing and preparing subject matter and provide a general advisory service, besides serving in a forestry liaison capacity between the States and the Department. One of these extension foresters is assigned to the South and East, and the other to the Lake, Central, and Western States.

Application of Woodland Management Practices: The most helpful contribution extension foresters are making is with the application of woodland management practices, - as selective cutting, improved thinnings, weedings and pruning of forest trees. The State specialists are a valuable link in assisting farmers to convert farm timber to much needed building materials. Labor saving equipment, such as efficient hand and power tools for farm logging operations, tree planting machines, and a machine for tapping maple trees, is being demonstrated by extension workers. Field demonstrations are given in the planting

of trees for windbreak and shelterbelt protection, erosion control, and for the growing of timber products, such as fence posts, naval stores, pulpwood, and sawlogs; and the preservative treatment of fence posts and other farm timbers. The increasing interest in 4-H forestry club work is creating additional demands on extension foresters. Closely allied to the forestry phase of this work and of coming importance is water and soil conservation. Forestry specialists are contributing to these allied projects.

Assistance to Farmers: The following summary shows the number of farmers who were assisted by extension workers through group demonstrations, meetings, etc., and the number of counties reporting:

	<u>Number</u>	<u>Counties Reporting Work</u>
Number of local leaders assisting in forestry.....	27,064	1,565
Number of farmers assisted this year -		
In reforesting new areas by planting		
with small trees.....	49,238	1,939
In planting windbreaks or shelterbelts	31,900	1,273
In making improved thinnings, weedings, or pruning of forest trees.....	29,868	1,478
With selection cutting.....	28,457	1,399
With production of naval stores.....	3,215	109
With production of maple-sirup products	4,748	227
In timber estimating and appraisal....	25,126	1,360
Number of communities in which marketing of forest products conducted.....	5,395	717
Number of farmers cooperating this year in prevention of forest fires.....	650,041	1,347
4-H forestry projects - total enrollment.....	20,948	1,024
Number completing projects.....	14,955	892
4-H Club members receiving definite training in forestry.....	117,452	1,285

3. Farm Forestry Investigations: The farm forestry research projects are financed by small allotments and, therefore, even though the projects are important, they must be relatively small in size.

In the Northeastern States, studies are continuing on improved utilization and harvesting methods of farm woodlands (1) to determine the size of crew required and most efficient utilization of manpower in the use of mechanical equipment, such as chain saws, etc.; (2) to determine the most efficient method of production of charcoal from low-quality hardwoods to meet local industrial demand for this product; (3) to develop cheaper methods of producing fuel wood from a large quantity of inferior species occupying extensive areas.

In the Lake States the program has been reoriented to include (1) research in woodland management to determine the effect of methods of cutting and grazing on growth and quality of the major types on farm woodlands in Wisconsin; (2) further work on planting, maintenance, and management of shelterbelts around farm buildings in Minnesota; (3) utilization of home-grown timber and improvements in production and output of small saw mills in Michigan.

In the Central States, the project on costs and returns of production of maple sugar in Ohio has been completed, and work has been started on the needs and production of veneer and other type containers for the millions of bushels of fruits and vegetables packaged by farmers in Illinois.

In the South (1) studies have been completed and analysis of the results show best methods of managing mixed pine and hardwood woodlands in Alabama so that maximum encouragement can be given to pine stands, the more profitable type; (2) studies have been continued on the relative value of various methods of planting farm woodlands in northern Mississippi.

4. Technical Assistance in Forest Management (Forest Service): Many owners of small woodlands found it both profitable and satisfying to manage their woodlands wisely. At the end of the fiscal year 1948 over 2500 owners, in addition to the ones assisted, wanted this direct in-the-woods type of assistance in solving their forest management problems.

For the entire fiscal year the number of project foresters working in 40 states, each state having one or more, averaged about 160. Sound and substantial progress was made in securing the adoption of good forest management practices on the lands of over 90% of the individuals who requested assistance.

Accomplishments of these foresters for the fiscal year 1948 are:

- (a) 14,220 owners assisted in applying improved management practices on 1,399,971 acres of woodland.
- (b) 5,579 owners made improvement and harvest cuttings on 212,465 acres.
- (c) 168,276 acres of young timber were saved from premature harvest.
- (d) 503,641,000 board feet of sawtimber and other forest products were cut and sold, contributing \$7,668,499 to the gross farm income.
- (e) In addition, farm foresters advised and assisted owners in harvesting other forest products—for example, 4,803 barrels of gum naval stores and 66,670 gallons of maple syrup.

Timber buyers and small sawmill operators continue to endorse these woodland management projects and keep in close contact with local foresters. Many of them suggest to the woodland owner that he get the advice of the forester before cutting or selling any timber. It is encouraging that the progressive millman is beginning to see a future to his own business when woodlands are managed so as to produce continuous crops of quality timber.

Accomplishment to date, however, is still small in comparison with the size of the job-261 million acres in 4-1/4 million separate holdings. To cover the ground one time, and do it within 10 years, would require about 2,000 foresters.

The large and medium-sized privately owned timberlands which constitute 25 percent of our 345 million acres of privately owned commercial forest land present an entirely different kind of problem so far as technical forestry assistance is concerned. The owners of these woodlands usually operate large wood-industries such as sawmills, manufacturing plants, and pulp mills. Many of them can and do employ foresters full time, or hire consultants part-time. Public assistance to this ownership group is restricted mainly to highly specialized advice and guidance to company and consulting foresters. This is a small but important part of this cooperative program.

Half the lumber cut in this country comes from some 40,000 small sawmills which are not members of trade associations and have no way to get the technical advice and information that would increase mill efficiency, reduce waste and generally improve their operations, except through the program of Farm and Other Private Forestry Cooperation.

(k) Acquisition of Lands for National Forests

Appropriation Act, 1949.....	\$500,000
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture".....	1,000
Base for 1950.....	501,000
Budget Estimate, 1950.....	401,000
Decrease, 1950 (due to a reduction in the level of the land purchase program).....	-100,000

PROJECT STATEMENT

(Amounts Shown Include Pay Act Costs)

Project	1948	1949 :(estimated):	1950 :(estimated):	Decrease
1. Acquisition of lands for national forests.....	\$747,928	\$501,000	\$401,000	-\$100,000
Total pay act costs.....	[- -]	[5,996]	[6,161]	
Unobligated balance.....	3,072	- -	- -	- -
Total available	751,000	501,000	401,000	-100,000 (1)
Transfer in 1950 estimates: from "Printing and bind- ing, Department of Agriculture.....	-1,000	-1,000	- -	
Total appropriation or estimate.....	750,000	500,000	401,000	

DECREASE

(1) The decrease of \$100,000 will be met by curtailing purchases of land for National Forests, such purchases now being limited to key tracts important in the consolidation and administration of the present National Forest system.

CHANGE IN LANGUAGE

The estimates propose the following change in language (deleted matter enclosed with brackets):

[Under] Weeks Act: For the acquisition of forest lands under the provisions of the Act approved March 1, 1911 * * * * *

This change is proposed for the sole purpose of simplifying the wording of the item.

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STATUS OF PROGRAM

This appropriation is provided to acquire lands for the protection of the watersheds of navigable streams, and for the production of timber in the continental United States and Puerto Rico, under the provisions of the Weeks law of March 1, 1911 (36 Stat. 961), as amended by the Acts of June 7, 1924 (43 Stat. 654) and March 3, 1925 (43 Stat. 1215).

There now exist 78 national forest and purchase units, situated in 32 states and Puerto Rico, within which acquisition of lands under the above acts has been approved by the National Forest Reservation Commission and in which lands still remain to be acquired; in eight of these, land acquisition has been deferred for lack of funds or is awaiting development of conditions favorable to initiation of an acquisition program. With a few exceptions, the purchase units established with the approval of the National Forest Reservation Commission comprise lands which were all, or nearly all, in private ownership at the time of approval.

Within the aforesaid purchase units 22,450,424 acres have been approved for purchase or have national forest status through donation, transfer, exchange, or otherwise; and 23,701,256 acres of lands, deemed chiefly valuable for forestry and watershed purposes, still remain to be acquired. The unacquired lands are principally valuable, in large measure, for timber growing or for watershed protection. Many of them have been heavily logged, unwisely cultivated, or otherwise impaired. Most of them should be in public ownership to assure that they will be so managed as to contribute optimum benefits to streamflow regulation and timber production.

Purchase work under the above cited acts was initiated in 1911 in the Appalachian regions of New England and western North Carolina. During the ensuing 37 years it has been extended further throughout the Appalachians, to the Piedmont and southern pine areas, the central hardwoods region, the Ozark plateau, the Lake States and, to a minor degree, the western Douglas-fir, pine, and redwood areas. In all but five of the 37 fiscal years 1911 to 1948, inclusive, congressional appropriations or allotments through executive orders have been made available.

The following tabulation shows the status of the existing purchase units as of June 30, 1948, and progress expected in the fiscal year 1949.

	<u>Gross Area</u> (Acres)	<u>Not to be Acquired</u> (Acres)	<u>Acquirable</u> (Acres)
Purchase Units as of 6/30/48 ....(79) ..	53,502,035	7,350,355	46,151,680
Acquired by purchase, exchange, donation, transfer from other Federal agencies, and reservation from the Public Domain, as of 6/30/48			22,450,424
Balance to be acquired as of 6/30/48 to complete purchase units			23,701,256
Estimated acquisition during Fiscal Year 1949			100,000
Balance estimated to be acquired as of 6/30/49			23,601,256

It is estimated that the fiscal year 1949 appropriation will permit acquisition of about 75,000 acres. Preference will be given to units in which purchase work has been started and to tracts which serve to consolidate existing government ownership in the interest of more efficient and economical management of the national forests. Dispersed public ownership leads to higher unit costs of protecting and managing the government lands, and to some extent decreases the effectiveness of good management practices on such lands since the intervening private areas remain subject to over-cutting, unwise cultivation, over-grazing, or other detrimental practices.

(1) Acquisition of Forest Land, Superior National Forest, Minnesota

Appropriation Act, 1949.....	- -
Budget Estimate, 1950.....	\$100,000
Increase, 1950.....	<u>+100,000</u>

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	1949 :(estimated):	1950 :(estimated):	Increase
1. Acquisition of forest	:	:	:	:
land, Superior National	:	:	:	:
Forest, Minnesota.....	- -	- -	\$100,000	+100,000
Total Pay Act Costs.....	[- -]	[- -]	[602]	:
Total appropriation or	:	:	:	:
estimate.....	- -	- -	100,000	+100,000 (1)

INCREASE

(1) Increase of \$100,000 to purchase privately owned lands within portions of the Superior National Forest, Minnesota, as directed by Public Law 733, 80th Congress, approved June 22, 1948.

Objective: To acquire lands in the Superior National Forest to prevent the impairment of the unique qualities and natural features of this remaining wilderness country.

Problem: The northern portion of the Superior National Forest adjoining the international boundary is a country of innumerable lakes and streams and is largely undeveloped by roads or by resorts or other human habitation. The wild character of these lands and the abundance of water make this area uniquely valuable for canoe travel under primitive conditions, and from this particular standpoint, this area is not duplicated elsewhere in the United States. These lands, therefore, have an especial recreation and esthetic value, and the preservation of their wilderness character is a matter of major concern to large numbers of persons and agencies interested in outdoor recreation.

The unique characteristics and the inspirational value of this lake and river area were recognized by Congress in the enactment of the Shipstead-Nolan Act of July 10, 1930, which provided for the maintenance of natural water levels within the area, prohibited the cutting of timber, except diseased or dead or dying trees, on public lands adjoining lakes or streams, and withheld publicly owned land from further entry or appropriation. The Forest Service has also established part of the lake country as a roadless area and has followed the policy of not building or permitting to be built roads and similar improvements within it.

Until recent years the absence of roads prevented the construction of any resorts or substantial habitations, except occasional cabins, within the area. Development of cargo-carrying aircraft, however, now

permits the ferrying of material into even the most remote portions of this wilderness area and the construction on private lands of rather elaborate resorts and homes. The wilderness character is thus definitely threatened.

By Public Law 733 Congress recognized the need for immediate action to further protect the most vital parts of the area from further encroachments of resorts and similar facilities of civilization. The areas described in Public Law 733 include about 72,000 acres of privately owned lands. These privately owned lands are subject to such development as the owners care to place upon them. The policy of the Forest Service which prevents construction of resorts or residences on government lands has no application to private tracts. As one means of preserving the wilderness characteristic of the area, Congress has directed the Secretary of Agriculture to acquire any of the privately owned lands, the development of which will act to destroy the unique values of the area. Appropriation of not to exceed \$500,000 to finance such purchases was authorized. This item would be the first appropriation under such authorization.

The development of resorts, summer homes, airplane landing fields, shops and service stations for motor boats, and like facilities on scattered tracts of privately owned lands within this area would effectively destroy its unique values. To forestall such developments, it is essential that the privately owned lands be brought into public ownership as promptly as possible, and it is particularly important that an early start be made so that the lands may be acquired before expensive improvements are placed upon them. An appropriation of \$100,000 will permit the purchase of from 6,000 to 8,000 acres of the most strategically located of these privately owned lands.

CHANGE IN LANGUAGE

The estimates propose the following new appropriation item:

Superior National Forest: For the acquisition of forest land within the Superior National Forest, Minnesota, under the provisions of the Act approved June 22, 1948 (Public Law 733), \$100,000, to remain available until expended.

The act of June 22, 1948, authorizes the purchase of lands within certain prescribed limits of the Superior National Forest, Minnesota, to safeguard and preserve areas of exceptional public value. The basic legislation authorizes total appropriations of \$500,000 for the purchase of these lands. It is proposed that the appropriation be made available until expended because the Act approved June 22, 1948, provides that amounts appropriated will be charged against the total authorization of \$500,000. Under this condition, it will be difficult to obtain full utilization of appropriations if they are made on an annual basis. The entire \$500,000 will be required to meet the objectives of the Act of June 22, 1948.

(iii) Acquisition of Lands from National Forest Receipts

Appropriation Act, 1949.....	\$142,000
Budget Estimate, 1950.....	142,000
Change, 1950.....	<u> </u>

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	1949 :(estimated)	1950 :(estimated)
1. Uinta and Wasatch National Forests, Utah.....	\$5,211	\$40,000	\$40,000
2. Cache National Forest, Utah.....	9,975	10,000	10,000
3. San Bernardino and Cleveland National Forests, California-- Riverside County.....	16,670	22,000	22,000
4. Nevada and Toiyabe National Forests, Nevada.....	810	10,000	10,000
5. Angeles National Forest, California.....	17,063	20,000	20,000
6. Cleveland National Forest in San Diego County, California.....	4,035	5,000	5,000
7. Sequoia National Forest, California.....	35,000	35,000	35,000
Total Pay Act Costs.....	[- -]	[1,096]	[1,126]
Unobligated balance.....	47,922	- -	- -
Total appropriation or estimate...	136,686	142,000	142,000

1. Explain the importance of the following factors in the development of a country's economy:

1	1. 本行在 2017 年 12 月 31 日及 2018 年 6 月 30 日，均无因金融资产转移而终止确认的金融资产。	2017 年 12 月 31 日	2018 年 6 月 30 日
2	2. 本行在 2017 年 12 月 31 日及 2018 年 6 月 30 日，均无因金融资产转移而继续确认的金融资产。	2017 年 12 月 31 日	2018 年 6 月 30 日
3	3. 本行在 2017 年 12 月 31 日及 2018 年 6 月 30 日，均无因金融资产转移而继续确认的金融负债。	2017 年 12 月 31 日	2018 年 6 月 30 日
4	4. 本行在 2017 年 12 月 31 日及 2018 年 6 月 30 日，均无因金融资产转移而继续确认的金融负债。	2017 年 12 月 31 日	2018 年 6 月 30 日

STATUS OF PROGRAM

This appropriation provides for the purchase of lands under the provisions of seven special acts of Congress enumerated in the appropriation item. These acts were passed with the support and concurrence of local people so that certain private lands intermingled with existing national forest lands could be acquired and placed under national forest administration. These lands are not in the drainages of navigable streams, and therefore cannot be acquired under the Weeks law of March 1, 1911. They frequently are subject to forms of misuse such as clear cutting of timber, overgrazing, removal of brush cover, etc., which lead to soil and resource depletion, and which minimize or neutralize the protection and management practices carried out on surrounding national forest lands. In the Southern California areas, occupancy and use of interspersed private lands may create fire hazards which threaten not only these tracts but also large areas of surrounding publicly owned and protected watershed. Protection and management of such lands as part of the national forest is recognized as highly desirable by local communities, especially from the standpoint of erosion prevention and flood control. The authorizing acts provide that certain proportions of the receipts of the specified national forests may be appropriated and used for the purchase of these lands. Since 25 percent of these receipts, otherwise, would be distributed to the counties, such provision, in effect, means that the counties contribute one-fourth of the cost of the acquired lands.

The following table shows the status of the purchase program under this appropriation:

Purchases of Land under the Forest Receipts Acts

State and Purchase Unit	Acquired to 6/30/48 (Acres)	Estimated Balance to be acquired (Acres)	Appropriation available in F. Y. 1949	Estimated acreage to be purchased in 1949
<u>UTAH</u>				
Uinta-Wasatch	83,606	66,000	\$ 40,000	8,000
Cache	11,994	114,000	10,000	2,500
<u>NEVADA</u>				
Nevada-Toiyabe ...	7,363	54,000	10,000	2,000
<u>CALIFORNIA</u>				
Cleveland-San Bernardino (Riverside County)	7,170	75,000	22,000	5,000
Angeles	643	27,300	20,000	800
Cleveland (San Diego County)	640	90,300	5,000	1,000
Sequoia	4,939	40,000	35,000	3,000
TOTALS	116,355	466,600	\$142,000	22,300

It is estimated that about 22,000 acres can be acquired with the Fiscal Year 1949 appropriation. These will be tracts within the designated units for which public ownership offers the best assurance of adequate protection of soil and vegetative growth, restoration where necessary, and long-time management, with emphasis on watershed and erosion protection.

(n) Emergency Reconstruction and Repair

Appropriated, Second Deficiency Appropriation Act, 1948

(Available to December 31, 1948) \$4,000,000

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)
For the reconstruction or re- placement of roads, trails, bridges, telephone lines, and other facilities and im- provements in the national forests damaged or destroyed by floods in May and June, 1948.	\$11,128:	\$3,988,872:	--
Total pay act costs	[- -]	[173,231]	[- -]
Total obligations	11,128:	3,988,872:	--
1948 balance available in 1949:	+3,988,872:	-3,988,872:	--
Total appropriation or estim- ate	4,000,000:	--	--

THE EMERGENCY PROGRAM

This appropriation was made to provide for the repair of damage to improve-
ment in the National Forests of the Pacific Northwest, resulting from the
floods of May and June, 1948. These floods caused serious damage to many
National Forest improvements such as roads, trails, bridges, telephone
lines, etc. located along the tributaries of the Columbia River. The
floods were caused by heavy rains and rapidly melting snows at high ele-
vations. It was necessary to begin the repair of flood damage in order
to prevent serious adverse effects on such National Forest responsibili-
ties as the prevention and suppression of forest fires, protection of
the health of users of public camp grounds and the production of lumber
and other forest products from timber sales. The appropriation was
approved June 25, 1948 and expired on December 31, 1948.

During the time the appropriation was available the following improve-
ments were repaired:

Roads	2299 Mi.	\$2,060,199
Trails	2422 "	457,022
Bridges	143 ea.	1,259,773
Tel. Lines	237 Mi.	55,140
Bldgs.	11 ea.	75,369
Camp Grounds	235 ea.	80,603
Fences	24 ea.	11,194

CHANGES IN LANGUAGE

The estimates include proposed deletion of the language for this item (deleted matter enclosed with brackets):

[Emergency reconstruction and repair: For the reconstruction or replacement of roads, trails, bridges, telephone lines, and other facilities and improvements in the national forests damaged or destroyed by floods in May and June, 1948, \$4,000,000, to remain available until December 31, 1948.]

This change proposes deletion of the language provided in the Second Deficiency Appropriation Act, 1948 for reconstruction and repair facilities in the National Forests which were damaged by floods in the Pacific Northwest. This appropriation has expired and retention of the language is unnecessary.

SPECIAL ACCOUNTS

(o) Payments to School Funds, Arizona and
New Mexico, National Forests Fund

Appropriation Act, 1949	\$55,000
Budget estimate, 1950	<u>55,000</u>
Change, 1950	<u> </u>

PROJECT STATEMENT

Project	1948	1949 :(estimated):	1950 :(estimated):
Payments to school funds, Arizona and New Mexico, National Forests Fund (appropriation or estimate)	\$49,218	\$55,000	\$55,000

The States of Arizona and New Mexico are reimbursed in such proportion of the gross proceeds of all the National Forests within those States as the area of land granted to the States for school purposes within the National Forests bears to the total area of all national forests within the States.

These payments are required by the Act of June 20, 1910 (36 Stat. 562 and 573) which provides "That the grants of Sections two, sixteen, thirty-two and thirty-six to said State, within National Forests now existing or proclaimed, shall not vest the title to said section in said State . . . but said granted sections shall be administered as a part of said forests, and at the close of each fiscal year there shall be paid to the Secretary of State, as income for its common-school fund, such proportion of the gross proceeds of all the national forests within said State as the area of lands hereby granted to said State for school purposes which are situated within said forest reserves . . . may bear to the total area of all the National Forests within said State . . . the amount necessary for such payments being appropriated and made available annually from any money in the Treasury not otherwise appropriated." School lands are given the same form of management accorded adjacent national forest lands.

As soon after the close of the fiscal year as the receipts from national forests, and the area of school lands in the States of Arizona and New Mexico are authoritatively determined, the payments referred to above are made to the States. Payments in fiscal year 1949 will be \$54,509 to Arizona and \$491 to New Mexico.

(p) Payments to States and Territories from the National Forests Fund

Appropriation Act, 1949.....	\$5,995,000
Budget estimate, 1950.....	5,995,000
Change, 1950.....	<u> </u>

PROJECT STATEMENT

	:	:	1949	:	1950
Project	:	1948	:	:(estimated)	:(estimated)
Payments to States and territories	:	:	:	:	:
from national forest funds	:	:	:	:	:
(appropriation or estimate).....	:	\$4,576,760	:	\$5,995,000	:\$5,995,000

Except as otherwise provided, the Acts of May 23, 1908, and March 1, 1911, as amended by the Act of June 30, 1914, require that 25 percent of all money received from the national forests during any fiscal year be paid to the states and territories in which the forests are located. The amount of this appropriation varies each year in direct proportion to national forest receipts during the previous fiscal year.

The exceptions referred to in the first sentence are:

1. Receipts from the Tongass National Forest, Alaska, are being held in a suspense account pending the settlement of Indian rights under the provisions of the Act of August 8, 1947, Public Law 385.
2. The entire receipts from certain lands in the Mt. Hood National Forest, Oregon, are paid to Confederated Tribes of the Warm Springs Reservation of Oregon, under the terms of the Act of July 3, 1948, Public Law 892.
3. Certain specified counties in Minnesota receive $\frac{3}{4}$ of 1 percent of the appraised value of designated National Forest lands within the boundaries of the Superior National Forest, under the terms of the Act of June 22, 1948, Public Law 733.
4. For lands in certain counties in Utah, Nevada and California, the States receive 25% of receipts only after funds have been set aside for the acquisition of National Forest lands within the specified National Forests under the terms of special acts authorizing annual appropriations from forest receipts for this purpose.
5. The receipts from certain lands in Oregon are being held in a suspense account pending determination of the custody of these lands.

(q) Roads and Trails for States, National Forests, Fund

Appropriation Act, 1949.....	\$2,398,000
Budget estimate, 1950.....	2,398,000
Change, 1950.....	- -

PROJECT STATEMENT
(On an available funds basis)

Project	1948	1949 :(estimated):	1950 :(estimated):
Roads and trails for States, National Forests funds.....	\$1,886,473	\$2,495,000	\$2,500,548
Total pay act costs.....	- -	[71,212]	[73,160]
Total	1,886,473	2,495,000	2,500,548
Prior year balance available in 1948.....	-1,380,390	- -	- -
1948 balance available in 1949.....	+1,324,621	-1,324,621	- -
1949 balance available in 1950.....	- -	+1,227,621	-1,227,621
1950 balance available in 1951.....	- -	- -	+1,125,073
Total appropriation or estimate....	1,830,704	2,398,000	2,398,000

An additional 10 percent of moneys received from the National Forests during each fiscal year is available at the end thereof to be expended by the Secretary of Agriculture for the construction and maintenance of roads and trails within the national forest in the states from which such proceeds are derived (16 U. S. C. 50).

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS

(Amounts shown include Pay Act Costs)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>Administrative Expenses,</u>			
Section 392, Agricultural:			
Adjustment Act of 1938, :			
Department of Agriculture:			
(Forest Service)			
Cooperation with Produc-			
tion and Marketing Ad-			
ministration in admini-			
stration of the naval :			
stores program	\$17,619:	\$25,192:	\$20,744
<u>Control of Forest Pests,</u>			
Department of Agriculture:			
(Forest Service):			
For white pine blister :			
rust control on national:			
forests	1,968,679:	1,976,650:	1,976,650
For insect control on :			
national forests a/	695,750:	299,966:	b/
Total, Control of :			
Forest Pests	2,664,429:	2,276,616:	1,976,650
<u>Flood Control, Department</u>			
<u>of Agriculture, (Forest</u>			
<u>Service)</u>			
Preliminary examinations:			
and surveys, and works :			
of improvement on head- :			
waters of streams, in- :			
cluding upstream engin- :			
eering, soil stabiliza- :			
tion, and reforestation:			
on selected watersheds :			
authorized by various :			
Flood Control Acts	978,206:	1,696,996:	1,941,600

a/ Detailed schedule for this item appears under the appropriation item, "Forest Pest Control Act".

b/ Allotments under this appropriation for 1950 have not been determined.

(Continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>Local Administration, Section 388, Agricultural Adjustment Act of 1938, Department of Agriculture (Forest Service):</u>			
Cooperation with Production and Marketing Administration in administration of the naval stores conservation program.	96,314:	103,931:	105,419
<u>Research and Marketing Act, Department of Agriculture (Forest Service)</u>			
1. (Title I, sec. 10a) Utilization research..	98,725:	135,000:	- -
2. (Title I, sec. 10b) Research, other than utilization research	24,994:	25,500:	- -
3. (Title II) Research on markets and prices for farm forest products	9,620:	40,000:	- -
<u>Total, Research and Marketing Act</u>	<u>133,339:</u>	<u>c/ 200,500:</u>	<u>d/</u>
<u>Tussock Moth Control, Department of Agriculture (Forest Service)</u>			
For control of tussock moth on national forest lands	6,895:	- -	- -
<u>Control of Tree Insect Epidemics, National Forests, Department of Agriculture (Forest Service)</u>			
For control of epidemics of tree-destroying insects on or threatening the national forests ...	95,993:	- -	- -

c/ Based on allotment as of January 15, 1949.

d/ Allotments under this appropriation for fiscal year 1950 have not been determined.

(continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>Working Funds, Agriculture,</u>			
Forest Service -- Ad-			
vances from: National			
Military Establishment,			
Department of the Air			
Force			
For strength studies of			
wood, plywood, and glues:			
for use in air-craft			
(joint project with			
Navy)	77,567:	8,420:	--
For test program on air-			
craft cargo floor panels	4,275:	2,725:	--
Solving packaging and			
container problems ...	39,494:	27,818:	--
For studies of the prop-			
erties of sandwich ma-			
terials and other			
materials	17,360:	17,857:	--
For strength studies of			
air-craft sandwich con-			
struction and core and			
bonding materials at			
high temperatures	2,773:	12,227:	--
Total, National Military:			
Establishment, Depart-:			
ment of the Air Force	141,469:	69,047:	--
<u>Department of the Army:</u>			
Engineer Corps, for re-			
storage of Camp			
Livingston, Louisiana	--	17,874:	--
Engineer Corps, for re-			
storage of Camp Clai-			
borne, Louisiana	4,934:	57,545:	--
Engineer Corps, for re-			
habilitation of Breezy			
Hill Artillery Range ..	31,059:	66,391:	--
Engineer Corps, for re-			
habilitation of Camp			
Rimini War Dog recept-			
ion center	264:	1:	--
Quartermaster, for re-			
search on glues for			
furniture	4,457:	1,523:	--

(Continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>Advances from: National</u>			
<u>Military Establishment</u>			
<u>Department of the Army</u>			
(Cont'd)			
Quartermaster, for develop- ment of basic design data for fiber-board in shipping containers	\$20,000	- -	- -
Signal Corps, for develop- ment of container and packaging of communica- tions equipment and parts	12	- -	- -
Ordnance Department, for solving packaging and container problems	21,537	10,711	- -
Aircraft warning system	60	- -	- -
Total, National Military Establishment, Depart- ment of the Army	82,323	154,045	- -
<u>Department of the Navy</u>			
Bureau of Aeronautics, for strength studies of wood, plywood, and glues in aircraft, (joint project with Army)	25,371	24,629	- -
Bureau of Aeronautics, for development of adhesives for bonding metal to wood	10,276	10,007	- -
Bureau of Ships, for studies relating to the use of wood in boats	12,500	12,500	- -
Office of Naval Reserve, studies on the dimen- sional stabilization of wood	9,945	14,832	- -
Bureau of Aeronautics, for research on fabri- cation of materials for high-speed naval aircraft	15,520	2,103	- -
Bureau of Ships, for in- vestigations of the behavior of composite laminated structures, David Taylor Model Basin	9,197	- -	- -

(Continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>Working Funds, Agriculture</u>			
<u>Forest Service</u>			
Advances from Cont'd.			
<u>National Military</u>			
<u>Establishment, Department of the Navy (Cont'd)</u>			
Bureau of Aeronautics,			
for the development of			
protection systems for			
wood components of air-			
craft	\$4,352:	\$5:	--
Bureau of Supplies and			
Accounts for dismant-			
ling, transporting and			
reassembling fire look-			
out towers at Farragut,			
Idaho	3:	--	--
Bureau of Aeronautics,			
Design and fabrication			
of sandwich construc-			
tion for aircraft		33,000:	--
For investigation of			
sandwich construction			
and materials		7,500:	--
For solving packaging			
and container problems		18,000:	--
<u>Total, National Military</u>			
<u>Establishment, Depart-</u>			
<u>ment of the Navy</u>	87,164:	122,626:	--
<u>National Advisory Com-</u>			
<u>mittee on Aeronautics</u>			
For study of stress			
concentration in non-			
isotropic materials ..	6,823:	8,177:	--
For investigations of			
fibrous materials for			
sandwich construction	12,676:	--	--
<u>Total, National Advisory</u>			
<u>Committee on Aeronautics</u>	19,499:	8,177:	--
<u>Interior Department</u>			
For protection of Oregon			
and California R.R. and			
reconveyed Coos Bay			
Wagon Road grant lands			
located within the			
boundaries of national			
forests	38,602:	5,050:	--

(Continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>Working Funds, Agriculture:</u>			
Forest Service:			
Advances from: Cont'd.			
Interior Department			
Cont'd.			
For fire protection on			
Bureau of Land Manage-			
ment public lands	36,080	21,835	--
Reconstruction of Forest:			
Service telephone lines:			
to eliminate power			
interference caused by			
the Bonneville project	3,033	19	--
To cover cost of moving			
Forest Ranger Station			
Boise, Idaho	9,220	45	--
For survey and study of			
future development in			
the Columbia River			
Basin	4,371	--	--
To cover cost of pro-			
tection and maintenance			
of smoke-jumpers for			
use on forest fires on			
park service land	5,051	7,848	--
For production of tree-			
planting stock	--	1,110	--
Total, Interior Depart-			
ment	95,357	35,907	--
<u>Federal Works Agency:</u>			
Public Roads Administra-			
tion: For investigation			
of applications, and			
construction, mainten-			
ance, and improvement			
of access roads to			
sources of raw materials	9,566	2,976	--
For supervision of forest			
highway program	93,899	117,996	--
Total, Federal Works			
Agency	103,465	120,972	--
<u>Federal Power Commission:</u>			
For investigation and			
supervision of Federal			
Power Commission pro-			
jects	2,558	3,322	--

(Continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>Working Funds, Agriculture:</u>			
Forest Service:			
Advances from:			
Department of Commerce:			
Bureau of Census, for collection of forest products data	\$67,416	- -	- -
Office of Scientific Research and Development:			
For photostating secret documents	24	- -	- -
<u>Civilian Production Administration:</u>			
For stimulating the pro- duction of forest pro- ducts needed in the war effort	37	- -	- -
For gathering and fur- nishing information on the production, require- ments, and supplies of forest products	2,935	- -	- -
Total, Civilian Produc- tion Administration...	3,022	- -	- -
<u>Housing and Home Finance Agency</u>			
Testing and research on building materials and systems, intended to facilitate the Veterans Emergency Housing pro- gram	134,881	31,125	- -
Forest products program	1,715	- -	- -
Total, Housing and Home Finance Agency.....	136,596	31,125	- -
<u>Soil Conservation Ser- vice:</u>			
To conduct snow survey in Montana	2,845	2,875	- -
<u>Tennessee Valley Authority</u>			
For fire protection on Tennessee Valley Auth- ority lands	394	344	- -
Total, Working Funds, Agriculture, Forest Service	743,132	548,440	- -

(continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>Working Fund, Agriculture,</u>			
<u>Miscellaneous (Allotment</u>			
<u>to Forest Service:</u>			
<u>Advance from National</u>			
<u>Military Establishment,</u>			
<u>Department of the Army:</u>			
For mapping strategic			
areas	\$35,718	13,300	--
<u>Working Funds, Agriculture,</u>			
<u>Forest Service, Special</u>			
<u>Fund: Advances from</u>			
<u>Interior Department:</u>			
For timber surveys on			
areas to be flooded by			
Hungry Horse Dam,			
Montana	23	1	--
For relocation of tele-			
phone lines	--	3,000	--
For snow investigations,			
Frazer experimental			
area	--	2,500	--
<u>Total, Interior Department:</u>	<u>23</u>	<u>5,501</u>	<u>--</u>
<u>Cooperative Work, Forest</u>			
<u>Service:</u>			
Trust fund contributed			
by co-operators for the			
accomplishment of cer-			
tain projects shown be-			
low, which are of mutual			
benefit to the Forest			
Service and to such			
cooperators:			
1. Construction of im-			
provements	516,223	525,000	525,000
2. Maintenance of im-			
provements	540,102	575,000	575,000
3. Prevention and sup-			
pression of forest			
fires and control			
of insect epidemics	1,041,703	1,019,000	1,019,000
4. Disposal of brush			
and other debris in			
timber-sale opera-			
tions and sale-area			
betterment	2,146,920	2,657,000	2,657,000

(Continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>Cooperative Work, Forest Service: (Cont'd)</u>			
5. Forest investigations:	\$224,077:	\$292,000:	\$292,000
6. Administration	102,296:	106,000:	106,000
7. Reforestation	27,634:	26,000:	26,000
8. Refunds to Cooperators:	118,476:	100,000:	100,000
Total, Cooperative Work:	4,717,431:	5,300,000:	5,300,000
<u>Construction of Forest Access Roads to Standing Timber</u>			
Trust fund advanced by the Housing and Home Finance Agency, through the Reconstruction Finance Corporation, for the construction of roads to National Forest timber, under authority contained in Section 11 of the Veterans' Emergency Act of 1946 (ACT of May 22, 1946, P.L. 388)	2,156,220:	--	--
<u>Miscellaneous Contributed Fund, Department of Agriculture (Forest Service):</u>			
Trust fund for cooperating with Puerto Rico in preparation of cadastral and base maps of six Insular Forest Units	4,742:	1,165:	--
<u>Cooperation with American Republics (Transfer from State Department):</u>			
For training in forestry of trainees from other American Republics	2,479:	5,500:	e/ 5,500

e/ This amount is included in detailed schedules under the appropriation "International Information and Educational Activities" in the State Department Chapter of the Budget.

(Continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
Penalty Mail Costs, Department of Agriculture, (Allotment to Forest Service):			
For cost of penalty mail pursuant to Section 2, Public Law 364, 78th Congress	\$41,000:	-	-
TOTAL, OBLIGATIONS UNDER SUPPLEMENTAL FUNDS	11,693,540:	10,177,161:	9,349,913

PASSENGER MOTOR VEHICLES AND AIRCRAFT

Replacements of passenger motor vehicles. It is proposed to replace 121 cars in the fiscal year 1950. All of these cars will be of model 1942 or older and the average mileage will be in excess of 60,000 miles. These vehicles have been operated mainly over mountain roads, where surfaces are rough and dusty, grades are steep and curves are numerous and sharp.

Replacements of aircraft. It is estimated that it will be necessary to replace two of the older reconnaissance planes in the fiscal year 1950. The planes to be replaced were acquired in 1945 and have flown thousands of miles. Since Forest Service planes are operated in large part over rough mountain terrain, they should not be continued in operation unless they are completely airworthy. The estimated cost of these planes is \$10,000 each.

Acquisitions of aircraft. An increase in the total number of aircraft is proposed from the 17 planes in operation at the beginning of the fiscal year 1949, to 18 planes and one helicopter in the fiscal year 1950. One cargo plane will be purchased at a cost of approximately \$37,000 and one helicopter at a cost of \$40,000. Helicopters have reached a stage of development which warrants the purchase of at least one of this type of aircraft. In this connection it should be stated that the authorization to purchase four additional aircraft, including one helicopter, in the fiscal year 1949, will probably not be used.

FLOOD CONTROL, DEPARTMENT OF AGRICULTURE

Appropriations, 1949	\$6,000,000
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture"	4,500
Base for 1950	6,004,500
Budget Estimate, 1950	10,000,000
Increase, 1950 (direct appropriation)	+3,995,500

Note: Although an increased appropriation of \$3,995,500 is requested for this item in 1950, it is estimated that there will be an increase of only \$2,757,434 in total funds available due to availability of prior year balances of \$1,238,066 in fiscal year 1949.

SUMMARY OF INCREASES, 1950 (on the basis of available funds)

For preparing preliminary examination and survey reports	+\$290,423
For installation of works of improvement on eleven authorized watersheds	+2,453,495
For transfer to Office of the Secretary for additional assistance in connection with survey reports	+13,516

PROJECT STATEMENT (Reflecting available funds) (Amounts Shown Include Pay Act Costs)

Project	1948	1949	1950	Increase
		(estimated)	(estimated)	
1. Preliminary examinations and surveys ..	\$1,224,392	\$1,956,877	\$2,247,300	+\$290,423(1)
2. Works of improvement:	3,293,997	5,257,205	7,710,700	+2,453,495(2)
Total pay act costs	<u>[- -]</u>	<u>[318,260]</u>	<u>[386,545]</u>	
Transferred to:				
"Salaries and expenses, Office of Secretary of Agriculture"	11,000	11,484	25,000	+13,516(3)
"Salaries and expenses, Office of the Solicitor" ..	8,000	17,000	17,000	- -
Total Obligations ..	<u>4,537,389</u>	<u>7,242,566</u>	<u>10,000,000</u>	<u>2,757,434</u>
Transfer in 1950 estimates from "Printing and Binding, Department of Agriculture" ..	-3,697	-4,500	- -	
Prior year balance available in 1948 ..	-2,771,758	- -	- -	
1948 balance available in 1949	+1,238,066	-1,238,066	- -	
Total appropriation or estimate	<u>3,000,000</u>	<u>6,000,000</u>	<u>10,000,000</u>	

INCREASES

The increase of \$2,757,434 in estimated obligations under this item in 1950 as compared with 1949 consists of the following:

(1) An increase of \$290,423 under the project "Preliminary examinations and surveys." The funds available would be used for preparation of preliminary examination and survey reports on watersheds. The reports would recommend watershed improvement programs to reduce floodwater and sediment damage to agricultural and other property and to help protect reservoirs and other main stream works constructed or in process of construction by the Corps of Engineers, Bureau of Reclamation and others.

The following table shows the distribution of funds available for preliminary examinations and surveys:

Funds Available for Preliminary Examinations and Surveys

Agency	F.Y. 1948	F.Y. 1949	F.Y. 1950	Increase
Forest Service	\$391,729	\$638,531	\$697,300	+\$58,769
Soil Conservation Service	832,663	1,298,346	1,510,000	+211,654
Bureau of Agricultural Economics	-	20,000	40,000	+20,000
	\$1,224,392	\$1,956,877	\$2,247,300	+290,423

The Department is endeavoring to expedite the completion of survey reports on authorized watersheds. Survey reports and recommended watershed improvement programs have not yet been presented to the Congress covering many watersheds in which agricultural and other interests repeatedly suffer heavy floodwater and sediment damages. Neither have reports been presented covering watersheds above many important flood control and channel protection works that would be benefited by sediment reducing and run-off retarding watershed improvement measures. The Department has been authorized by the Congress to make preliminary examinations and surveys of many of these watersheds. It is endeavoring to expedite this necessary first step, looking to early initiation of operations where justified. Improvement work on the land can then get under way on a broad basis more in keeping with the size and extent of the job.

The watershed improvement programs, outlined and recommended in survey reports prepared by the Forest Service and Soil Conservation Service, consist of suitable combinations of land treatment measures and minor works that will reduce flood and sediment damages. They are designed to increase the amounts of water that infiltrate into and are temporarily held in the soil, to provide local detention storage, to stabilize gullies, field waterways and small stream channels so the run-off from watersheds will be retarded and controlled on its way to the rivers, and to prevent erosion so the amount of silt carried into streams and reservoirs will be reduced.

Preliminary examination reports contain such information as is necessary to determine whether watershed treatment programs, under the flood control acts, appear to be justified and whether surveys of watersheds should be made.

Survey reports depict the characteristics of watersheds; describe their flood histories and erosion and sedimentation conditions; provide estimates of flood and related damages; give recommendations for remedial programs and indicate the expected reductions in flood and related damages; and include monetary estimates of the benefits to be derived from and estimates of the costs of installing recommended programs.

In the Columbia and Colorado River Basins, where the Department of Agriculture is planning basin-wide comprehensive agricultural programs, the flood survey activity will be integrated with and will make a major contribution to the over-all planning effort.

The Bureau of Agricultural Economics furnishes consulting advice to the Forest Service and the Soil Conservation Service with respect to the development of standard techniques and methods to be used in the evaluation of costs and benefits and in other economic and statistical analyses required for watershed surveys. This evaluation requires (1) the identification of benefit and cost items including those of both a direct and indirect nature, (2) the measurement of benefit and cost items in physical units and in monetary terms, and (3) the comparison of benefits and costs in comparable terms.

The Bureau of Agricultural Economics also will assist the Secretary's Office in its review of the economic aspects of survey reports. This will include the review of evaluation of benefits and costs of proposed programs, determinations of economic feasibility and the effects of the programs on farm incomes.

It is anticipated that the consultation work and assistance to the Soil Conservation Service and the Forest Service will be greater in 1950. In addition, the Bureau of Agricultural Economics will review the economic aspects of the larger number of survey reports that are expected to be completed for review in 1950.

In the fiscal year 1950 preliminary examinations or surveys are expected to be under way on the following watersheds, although if the situation with respect to relative urgency of watersheds changes materially, some adjustment in selection or grouping of watersheds may be necessary:

Alabama, (L.) Coosa and Escambia,	California Coast (No. Cent.), Calif.
Ala., Ga., Fla.	California Coast (So. Cent.), Calif.
Allegheny, Ohio, Pa., N. Y.	Canadians, N. Mex., Tex., Okla.
Arkansas (Upper & Middle - Above	Cattaraugus Creek, N. Y.
Tulsa), Kans., Okla., Colo.	Cimarron, Kans., Okla.
Apalachicola, Fla., Ala., Ga.	Coeur-d'Alene, Wash., Idaho
Bitterroot, Mont.	Colorado (Including San Bernard), Tex.
Brazos, Tex.	Colorado, Wyo. Colo., Utah, N. Mex.,
Calcasieu, Merentau, Sabine, Neches	Ariz., Nev., Calif.
and Costal Drainage, La.	Columbia, Wash., Ore. Mont., Idaho

Delaware, N.Y., Pa., N.J., Del.
 Deschutes, Ore.
 Edisto and Cambahee, S.C.
 Elk, Md.
 Flathead, Mont.
 Great Salt Lake Tribs., Idaho, Wash.
 Green, Wyo., Colo., Utah
 Green, Ky.
 Guadalupe, San Antonio, Navida, Blanco,
 Aransas, Tres Palacios, Tex.
 John Day, Ore.
 Kanawha, W.Va.
 Kentucky, Ky.
 Licking, Ky.
 Mississippi (Above Cairo, Ill.), Ill
 Mo., Iowa, Wis., Minn.
 Monogahela, Pa., W. Va.
 Ochlockenee and Suwanee, Ga., Fla.
 Ohio (North Tribs.), Ohio, Ind.
 Ohio (Upper), Ohio, Pa., W. Va.
 Ouachita, Ark., La.
 Puerto Rico and Virgin Islands
 (All authorized watersheds)

Raritan, N.J.
 Red, N. Mex., Tex., Okla., Ark., La.,
 Red River of the North, Minn.
 Rio Grande (L. to Ft. Quitman), N. Mex.,
 Tex.
 Rio Grande (Upper), Colo., N. Mex.
 Russian, Calif.
 St. Mary's and Satallo, Ga., Fla.
 Sacramento (Upper), Calif.
 San Francisco Bay Area, Calif.
 Sandusky & Lake Erie ' Lake Huron
 Drainage, Ohio, Mich., Ind., N.Y., Pa
 Santee-Cooper, N.C., S.C.
 Snake (Below Lewiston), Ore., Wash.
 Susquehanna (Lower), Pa., Md.
 Susquehanna (Upper), N.Y.
 Trinity, Texas
 Virgin, Nev., Utah, Ariz.
 Waccamaw and Black, N.C., S.C.
 White (Lower) Ark., Mo.
 Willamette, Ore.
 Wolf Creek, Tenn., Miss.
 Yakima, Wash.

(2) An increase of \$2,453,495 under the project "works of improvement."
The funds available would be used to help install measures for run-off and
waterflow retardation and soil erosion prevention as a means of reducing
floodwater and sedimentation damages in the eleven watersheds listed in
Table I. Improvement programs were authorized for these watersheds by the
Flood Control Act of 1944, as amended.

The Department is helping to install, during the fiscal year 1949, the measures designed to retard run-off and prevent soil erosion in a number of sub-watersheds within each of the eleven authorized watersheds. Sub-watershed work plans had been developed as a basis for these installations and have similarly been prepared for the additional measures to be installed in the fiscal year 1950. These work plans were developed cooperatively with representatives of the local people involved in each case. The watersheds upon which this work would be done are listed in Table I, which indicates also the estimated extent of the work to be done during the fiscal years 1949 and 1950 by the Forest Service and the Soil Conservation Service, the two agencies of the Department which handle the works of improvement activities.

(3) An increase of \$13,516 in the amount of the transfer to "Salaries and Expenses, Office of the Secretary" which is discussed in the justifications under that appropriation item.

TABLE NO. 1

Progress in Carrying Out Authorized Watershed Improvement Programs
Through Fiscal Year 1948 and Estimated Obligations, Fiscal Years 1949 and 1950,
Under the Appropriation FLOOD CONTROL, Department of Agriculture
For Watershed Works of Improvement

Watershed and Total Number of Years to Complete Installation	Total Estimated Federal Cost of Authorized Improvements	Estimated Cumulative (Federal) Obligations Through F.Y. 1948	Estimated Obligations F.Y. 1949		Estimated Obligations F.Y. 1950			
			FS	SCS	Total	FS	SCS	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Buffalo Creek (N.Y.) (18)	2,581,400	122,869	-	68,349	68,349	-	347,900	347,900
Potomac (Pa., Va., Md., W. Va.) (24)	859,000	108,550	53,100	42,008	95,108	34,000	108,800	142,800
Coosa (Ga., Tenn.) (20)	1,233,000	111,146	-	40,165	40,165	4,850	99,400	104,250
Little Tallahatchie (Miss.) (20)	4,221,000	143,551	59,290	161,592	220,882	126,000	201,600	327,600
Yazoo (Miss.) (20)	21,700,000	230,209	26,039	261,842	287,881	83,300	302,500	385,800
Little Sioux (Iowa, Minn.).. (15)	4,280,000	741,893	-	1,597,553	1,597,553	-	1,310,500	1,310,500
Middle Colorado (Tex.) (20)	2,693,000	222,994	-	85,088	85,088	-	302,400	302,400
Trinity (Tex.) (15)	32,000,000	1,401,984	-	657,166	657,166	7,650	1,988,900	1,996,550
Washita (Okla., Tex.) (15)	11,243,000	1,500,656	-	1,006,005	1,006,005	-	1,008,000	1,008,000
Los Angeles (Calif.) (10)	8,380,000	2,157,617	829,936	216,509	1,046,445	858,000	352,800	1,210,800
Santa Ynez (Calif.) (10)	434,000	92,257	-	61,963	61,963	130,500	443,600	574,100
Emergencies ^{1/}	-	121,486	89,500	-	89,500	-	-	-
Comparative Transfer from Printing and Binding	-	1,000	600	500	1,100	-	-	-
Total	89,624,400	6,956,212	1,058,465	4,198,740	5,257,205	1,244,300	6,466,400	7,710,700

^{1/} Use of Flood Control funds to safeguard lives and property from floods and products of erosion on watersheds suddenly impaired by fire or other natural force is authorized by section 7 of the Flood Control Act of 1938, as amended.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets);

- For expenses necessary, in accordance with the Flood Control Act, approved June 22, 1936 (~~Public Law 738, Seventy-fourth Congress/~~ 33 U.S.C. 701a), as amended and supplemented, to make preliminary examinations and surveys, and to perform works of improvements,
2. ~~\$6,000,000~~, of which \$1,800,000 shall be available for preliminary examinations and surveys, and ~~\$10,000,000~~, including not to exceed
3. ~~\$135,000~~ \$161,500 for personal services in the District of Columbia, to be immediately available and to remain available until expended, with which shall be merged the unexpended balances of funds heretofore appropriated or transferred to the Department for flood-control purposes; Provided, That no part of such funds shall be used for the purchase of lands in the Yazoo and Little Tallahatchie watersheds without specific approval of the county board of supervisors of the county in which such lands are situated ∴ Provided further, That hereafter funds appropriated for the Yazoo and Little Tallahatchie watersheds shall be available for necessary work projects in all areas up to that over which the Department of the Army has jurisdiction and responsibility or to carry out emergency measures authorized by section 7 of the Act of June 28, 1938 (52 Stat. 1225), as amended/.
- 4.

The first change proposes the deletion of the public law reference to the Flood Control Act of June 22, 1936 and inserts the U. S. Code reference 33 U.S.C. 701a. This change will not affect, in any manner, the character and scope of work to be performed.

The second change deletes the language inserted in the 1949 Agricultural Appropriation Act for the purpose of specifying the amount of the 1949 appropriation approved by the Congress to be used for preliminary examinations and surveys. Since it is not necessary that this clause be included in the language for fiscal year 1950, it is recommended for deletion.

The third change provides for an increase of \$26,500 in the limitation on expenditures for personal services in the District of Columbia by the Soil Conservation Service, Forest Service and Bureau of Agricultural Economics. This increase is necessary to provide essential services in the District of Columbia in connection with the increase in the appropriation for Flood Control in the Department Estimates for 1950.

The fourth change deletes the proviso contained in the 1949 Agricultural Appropriation Act which authorizes the use of funds "hereafter" appropriated for the Yazoo and Little Tallahatchie watersheds for necessary work projects in all areas up to that over which the Department of the Army has jurisdiction and responsibility. Since this proviso is now permanent legislation, it is not necessary that it be included in the annual appropriation act.

STATUS OF PROGRAM

Objective: To reduce the damages caused by floodwaters and sediment to agricultural and other property and to reservoirs.

Method: By installing watershed improvement measures on a watershed basis, to increase the infiltration of water into the ground for temporary storage, to detain run-off water and control its movement into the rivers, and to prevent erosion of soil and its transportation into stream channels and reservoirs.

Authorization: Pursuant to the provisions of the Flood Control Act of 1936, as amended, the Department of Agriculture is assigned the responsibility for making investigations of watersheds, authorized by the Congress, for preparing survey reports recommending improvement programs and for installing watershed improvement measures included in authorized programs.

Recognition of Flood Menace to Public Welfare: The Flood Control Act of 1936 gave recognition to destructive floods as a menace to the national welfare; to the need for investigation and improvement of the watersheds of rivers and other waterways in the interest of the general welfare; and to the need for the Federal government to participate in the improvement of such watersheds for flood control purposes. It and later amendatory and supplementary acts authorized the examination and survey of the watersheds of a large number of rivers and waterways.

Relation of Watershed Improvement to Other Activities: The Act recognized that, in conducting a watershed treatment program on any watershed or sub-watershed in aid of flood control, the Secretary of Agriculture might find it necessary to utilize certain land treatment and water control measures of the kinds applied on a national basis under other programs but which, for flood control purposes, would be carefully correlated and combined with other needed measures and intensively applied on a watershed or sub-watershed basis to attain specific waterflow and run-off retardation and erosion prevention objectives. It, accordingly, provided that the authority conferred by the Act and any funds appropriated pursuant thereto would be supplemental to all other authority and appropriations relating to the Department of Agriculture and that the Act should not be construed to limit or retard the Department in carrying out similar and related activities previously or later authorized or to limit the exercise of powers conferred on the Department by other provisions of law in carrying out similar and related activities.

Kinds of Upstream Damage Caused by Floodwaters and Sediment: Accelerated and excessive run-off from watersheds of streams results in floods and erosion causing impairment of soil productivity; damage to improvements, crops, livestock, and equipment; loss of fertile soil and of usable water resources; siltation of reservoirs, channels, and ditches; impairment and obstruction of highways, railroads, navigation, and other channels of commerce; human suffering and sometimes loss of life.

Kinds of Watershed Improvement Measures: A reduction in flood and sediment damages can be obtained by improved use and management of watershed lands. Such improvement includes the use of land according to its capabilities and the application of measures to bring this about, the care and protection of natural vegetation, revegetation of denuded areas, control of fire and grazing, use of proper cutting and logging practices, wise husbandry of the soil, proper selection of crops and the use of crop rotations, the use of supplemental engineering devices, and the application of other measures and practices to forests, pastures and croplands. Work of the Department has demonstrated that such treatment will benefit both the public as a whole and the landowner. Examinations and surveys of authorized areas, looking toward such watershed treatment work, were started by the Department in 1936 and continued until 1943 when they were suspended because of the war. They were resumed late in 1946 and are now in progress.

Progress With Investigations: Over 600 watersheds have been authorized by the Flood Control Acts for preliminary examination and survey. The Department has completed preliminary examinations of 164 watersheds, or portions of watersheds, and has completed surveys of 18. The Flood Control Act of December 22, 1944 authorized programs of improvement set forth in the survey reports on 11 specified watersheds. Survey work is under way or is planned on some 117 watersheds. The Department plans to make surveys of watersheds where preliminary examinations indicate sufficient flood and sediment reduction benefits to warrant such action and to examine other authorized watersheds as funds are made available.

Progress With Works of Improvement: A start has been made in the installation of works of improvement on each of the 11 watersheds for which such programs have been approved. The Department plans to proceed with the installation of works of improvement on these watersheds in accordance with the schedules contained in the approved reports to the extent that funds are provided.

A Balanced Federal Program: In view of the important protective relationship of watershed works of improvement to flood control and other works in stream channels now installed, authorized and contemplated by the Corps of Engineers and other agencies and of the critical need for protection of farm lands, improvements, crops and other property from floodwater and sedimentation damage, the Department wishes to step up its share of the total job so as to come abreast, at the earliest possible time, of complementary work in the stream channels and to provide what protection it can to upstream areas.

Coordination With Related Activities of Other Agencies: In the conduct of their work, the Department of the Army and of Agriculture are continuing to integrate their examinations and surveys under the Flood Control Acts as they have done in the past and so achieve a maximum of coordination in both planning and action. Coordination of the work is also continuing with other agencies, Federal, State and local.

SOIL CONSERVATION SERVICE

Summary of Appropriations, 1949 and Estimates, 1950

Item	Total estimated available, 1949 a/	Budget estimates, 1950	Increase(+) or decrease(-)
Salaries and expenses:			
Soil conservation research	\$1,657,000	\$1,651,000	- \$6,000
Soil conservation operations	47,051,800	47,028,800	- 23,000
Total, salaries and expenses.....	48,708,800	48,679,800	- 29,000
Land utilization and retirement of submarginal land (Title III, Farm Tenant Act)	1,100,000	1,327,000	+137,000
Payments due counties and refunds, sub- marginal land program (Farm Tenant Act)	233,200	233,200	- -
Water conservation and utilization projects	b/	b/	- -
Total	50,132,000	50,240,000	+108,000
Deduct permanent appropriation:			
Payments due counties and refunds, submarginal land program	233,200	233,200	- -
Total, direct annual appropriation	49,898,800	50,006,800	+108,000

a/ Amounts include anticipated pay act supplemental and are adjusted for comparability with the appropriation structure proposed in the 1950 Budget Estimates.

b/ Financed from prior year balances.

(a) Soil Conservation Research

Appropriation Act, 1949	\$1,548,000
Anticipated Pay Act Supplemental, 1949	108,000
Transfer in 1950 Estimates from "Printing and Binding, Department of Agriculture"	1,000
Base for 1950	1,657,000
Budget Estimate, 1950	1,651,000
Decrease (due to partial absorption of Pay Act costs)	<u>-6,000</u>

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)	Decrease
1. Erosion control investigations	\$613,576	\$863,200	\$860,000	\$-3,200
2. Drainage and water control investigations in humid areas	264,433	472,300	470,600	-1,700
3. Irrigation and water conservation investigations in western areas...	137,871	285,100	284,100	-1,000
4. Water regulation investigations to conserve the soil and reduce fire hazards in the Everglades region of Florida:	28,606	36,400	36,300	- 100
Total pay act costs	- -	<u>108,000</u>	<u>108,000</u>	- -
Unobligated balance	4,309	- -	- -	- -
Total available	1,048,795	1,657,000	1,651,000	-6,000 (1)
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-795	-1,000	- -	- -
Anticipated pay act supplemental	- -	-108,000	- -	- -
Total appropriation or estimate	1,048,000	1,548,000	1,651,000	- -

DECREASE

(1) A decrease of \$6,000, due to partial absorption of Pay Act costs, which will be met by adjustments in general operating expenses.

STATUS OF PROGRAM

Current Activities:

Need for Continuous Research Program

Studies are being carried on to determine the character, causes, effects, and extent of soil erosion and water loss under varying conditions and to develop, adapt, and improve conservation farming practices and methods which will adequately protect the land and water resources of the nation. Farming the conservation way means treating each acre according to its individual needs and using the land in accordance with its capabilities. Obviously the Soil Conservation Service program of assisting farmers and ranchers in conservation districts to plan and apply conservation, requires constant efforts to find more effective and efficient ways to do the job. Solutions must be found also for the new soil, water, and land-use problems encountered from day to day in field operations. New work areas often pose additional problems for which answers have not been developed.

Steps in Developing Conservation Practices

Developing and improvement of conservation practices is accomplished in the following three steps:

1. Laboratory and plot work to develop basic information.
2. Experiment Station field scale trials of practices.
3. Adaptation and testing of practices for application over extensive areas.

The third step is carried out in close cooperation with the "Operations" staff. Successful practices developed are incorporated into the regular soil and water conservation programs of the Service.

Work is Cooperative

The research program is also closely coordinated with the State Experiment Stations and with other Department of Agriculture agencies. The State agencies, by agreement with the Secretary of Agriculture, cooperate with the Soil Conservation Service in conducting basic research investigations. In most cases they provide the land, laboratories, office facilities, and technical collaboration as part of their cooperation. All of the research work of the Service is correlated with that of the Agricultural Research Administration of the Department, thus avoiding duplication and assuring desirable cooperation with other bureaus on related conservation problems.

General Field of Research Activity

The three general fields of soil and water conservation research being conducted are outlined below:

1. Erosion Control. Includes:

- a. Development of vegetative and mechanical means of controlling erosion and conserving soil moisture.
- b. Studies of soil deterioration by erosion and other causes, and development of protective treatments.
- c. Development of improved soil tillage techniques and cropping systems.
- d. Development of specialized protective measures for areas that are too steep for ordinary farming methods.
- e. Study of erosion-resisting characteristics of crop plants.
- f. Studies of the effects of crops, cropping systems, climate, and wind upon soil and water loss, and development of control measures.
- g. Investigations to determine the effects of conservation farming upon the farmers' income and living standards.

2. Drainage and Water Control. Includes:

- a. Investigations to develop, test, and improve methods, materials, devices and equipment for drainage of agricultural lands.
- b. Studies to determine the relation of water runoff, soil erosion and flood flow to physiographic and climatological conditions of the drainage area and to land-use and farming practices.
- c. Development of safe hydraulic designs for water-control structures.
- d. Studies to devise means for controlling sedimentation in reservoirs and on valley lands.
- e. Development of water management facilities to control soil subsidence.

3. Irrigation and Water Conservation. Includes:

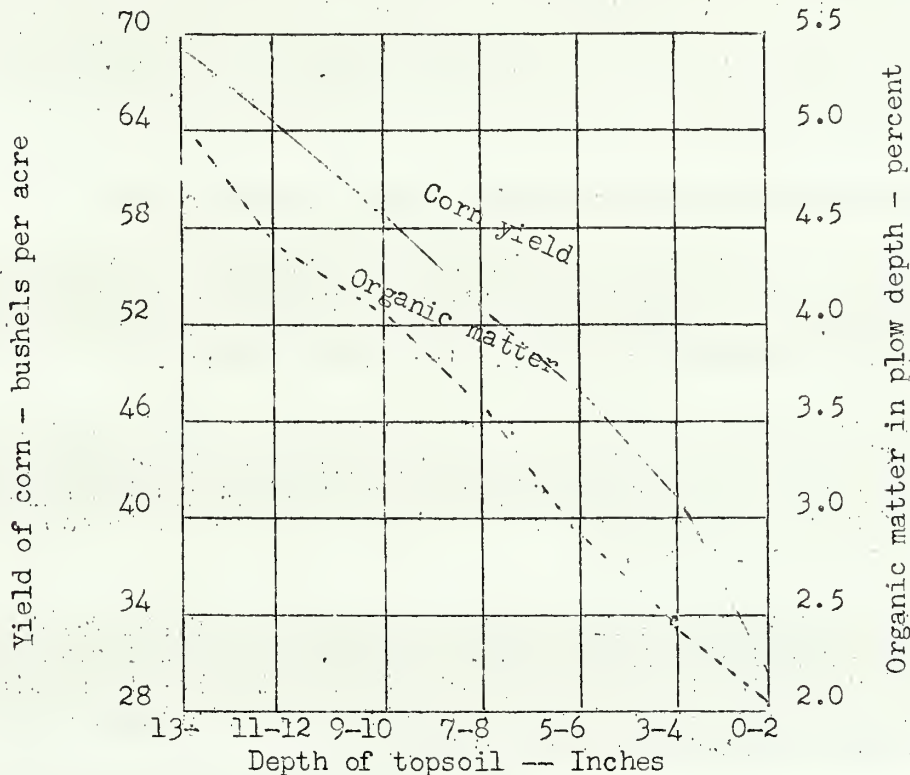
- a. Development of engineering principles and methods of controlling, developing, storing, and conserving irrigation water supplies.
- b. Development of means of preventing erosion, siltation, and accumulation of alkali on irrigated lands.
- c. Development and improvement of farm irrigation systems and structures.
- d. Development of drainage systems for irrigated land.
- e. Development of efficient water utilization practices.
- f. Snow survey investigations and analyses to enable forecasting of irrigation water supplies.

Selected Examples of Recent Progress:

1. Erosion Control Investigations

Subsurface tillage which keeps crop residues on or near the surface is the best practical means for protecting grain land from wind and water erosion. Though nitrogen deficiencies appear in some instances, Nebraska studies show that grain, following a nitrogen-fixing legume, gives as good yield as when land is plowed. Studies in the Southern High Plains of Texas show a substantially increased wheat yield, which was further augmented 12.5 percent when planted on the contour. Development of a sweep machine has eliminated many of the machinery problems of sub tillage in the heavy clay soils of this area.

Studies of data from farmer-owned and operated fields near Fowler, Indiana, show that corn yields decline steadily as the depth of topsoil is reduced by erosion. The close relationship between depth of topsoil, percent of organic matter and yield of corn is shown in the following graph:



Studies at Clemson, South Carolina show mulch as a good substitution for cultivation in orchards. Peach trees mulched with grain straw made better growth during the first five years than trees which were cultivated. A winter cover crop followed by either a legume or non-legume summer cover crop produced nearly as much total growth as mulched trees in the same period.

A complete vegetative cover is needed to further reduce soil loss in the Texas Blacklands area. Cotton or corn on Austin clay soil with 3.8 percent slope shows a loss of one inch of topsoil in about 10 crops. A substantial reduction in rate is shown by contour cultivation and the residual effects of good crop rotations, but soil loss is still excessive on this gently sloping land. A year-round pasturage program study shows oats on 3.8 percent slope in a cotton-oats rotation lost soil at the rate of one inch in 158 to 218 years; sweetclover in rotation with cotton, one inch in 226 years; and a permanent sod of Bermuda grass one inch in 6,000 years.

The average annual income advantage for high-conservation farms, of \$10.63 an acre over low-conservation farms, as evidenced in studies made in northeastern Illinois, prove that conservation farming pays its way. These earnings would have paid the complete cost of the conservation plan in 3.3 years.

Tests conducted at Arnot, Marcellus, and Geneva, New York showed that heavy application of fertilizer will not offset reduction in crop yields caused by sheet erosion. In 1947, 1,000 pounds of 10-10-10 fertilizer per acre (adequate nutrients for a good yield of corn) was used on plots which had been subjected to various cropping and cultural practices for an eleven-year period. Varying degrees of erosion on the plots resulted in corn yields ranging from 17 to 100 bushels per acre.

2. Drainage and Water Control Investigations in Humid Areas

Studies on a 130-acre watershed in the Blacklands Area near Waco, Texas showed that conservation practices decreased peak rates of runoff about .5 inch per hour below the rate measured on a similar watershed farmed under local prevailing farm practices.

A progress report on studies being conducted on transitions in high velocity flows shows how it is possible to save about one-half the cost of concrete and about one-third the cost of excavation formerly required for the construction of stilling basins used with chutes and drop inlet structures.

An improved and less costly tractor-mounted mole ditching machine has been developed at Baton Rouge, Louisiana. The beam lengthens as depth increases, allowing the pitch of the mole shoe to remain constant, thereby constructing a more uniform and stable mole drain than those constructed by other machines.

Analyses of hydraulic studies in the few physiographic regions where data have been collected show that in designing a water control structure for a 200-acre watershed in the Coastal Plains Region, a discharge capacity of 540 cubic feet per second should be provided, while in the Ridges and Valleys of Virginia a capacity of 140 cubic feet per second provides an equal factor of safety. This wide range in peak rate of runoff on apparently similar areas illustrates the importance of securing such data, on small watersheds in the other physiographic areas of the country.

The Outdoor Hydraulic Laboratory at Stillwater, Oklahoma has found that seasonal variation in vegetal cover greatly affects the safe water carrying capacity of terrace outlet channels. Dormant grass has a retardance effect of one-half that of the same grass when green. Burning of grass in a Bermuda lined channel on a 6 percent slope reduced the non-erosive capacity from 140 to 20 cubic feet per second.

3. Irrigation and Water Conservation Investigations in Western Areas

Most of the agricultural lands of Arizona are in an area of high temperature and low rainfall. Soils are generally low in humus and compact readily, causing a serious water penetration problem. Arizona's irrigated area has expanded until there is a shortage of water even in normal years. Studies being carried on to develop practices which will enable the irrigator to produce the maximum yields per acre foot of water show that:

1. Deep moisture penetration is essential to satisfactory yields.
2. Cultural methods have a greater influence on infiltration than soil texture.
3. Soil amendments act very slowly (if at all) in increasing rate of infiltration.
4. Infiltration is greater in second foot than in first foot of soil.
5. Irrigation water itself has considerable effect in reducing infiltration rate on subsequent irrigations.

Seepage losses in irrigation canals account for nearly one-half of all water diverted from streams in the West. Studies are being carried on in Utah to develop low cost, effective, and durable canal linings. Tests using 100 foot sections of various types of linings such as concrete, gunite, prefabricated concrete slabs, soil-bentonite mixtures, compacted clay, etc. are being made. A second field test is being made on a 500 foot section using Butyl rubber fabrics. General conclusions reached concerning the use of earth materials for linings are as follows:

1. The effectiveness of clay linings may deteriorate rapidly if they are subject to intermittent drying.
2. Sandy loam bentonite mixtures seem to be preferable to clay for canal linings, because they are less subject to cracking upon drying.
3. Earth linings should be protected by a layer of natural earth, gravel or loose rock.
4. Permissible velocities will be governed by the protective covering used.
5. Compaction at optimum moisture does not reduce the permeability of sandy loam bentonite mixtures.

Snow survey research, designed to improve the accuracy of stream flow forecast, has been directed during 1948 toward standardizing methods of recording, interpreting and reporting snow cover data. Survey leaders have concentrated on:

1. Refinement of the snow cover runoff relationship for each watershed or sub-watershed for which forecasts are made.
2. Expansion of snow course network on the Columbia and Missouri River watersheds.
3. Analysis of snow course data for the purpose of reducing length of courses and the elimination or relocation of courses.
4. More intensive training of snow surveyors.

In cooperation with the Imperial Irrigation District, investigations are being made to determine the feasibility of drainage of land in the Imperial Valley. Methods of designing and installing drainage facilities, and techniques for improving irrigation are being studied. Basic research and laboratory studies developed in 1941-46 are being tested in the field. In 1948 field studies were extended to consider studies on barrier drainage, tile affluent measuring devices to check drainage yield, pump drainage, leaching, underground flow from the East Mesa, and Salton Sea evaporation.

4. Water Regulation Investigations to Conserve the Soil and Reduce Fire Hazards in the Everglades Region of Florida

Successful use of chemicals in controlling the growth of water hyacinths in large outlet canals has provided a new means of maintenance for the Everglades Drainage District. Work is being continued on the use of chemicals and mechanical equipment to control Para grass and moss and remove sludge from farm ditches.

In the rockland area of the lower Everglades, studies are under way to determine effectiveness of water control structures in natural streams and ditches to prevent salt intrusion from the ocean.

In the marl lands a pilot installation of diking, bedding and pumping from a small tract has indicated the practicability of draining these lands so that crops can be planted a month earlier than usual. This would allow marketing at peak prices. The experiment will be carried out on a 40-acre tract, on a full scale basis in the fall of 1948.

It is required that expenditures under this project "be limited to a sum not in excess of funds made available for such work by the State of Florida, or a political subdivision thereof." Following is a statement of actual and anticipated contributions by such agencies compared with actual and proposed Federal obligations under this project:

Agency	1948 Actual	1949 Estimate	1950 Estimate
Dade County Water Conservation Project	\$572,941	\$573,000	\$573,000
Dade County Fire Control Unit	40,134	40,000	40,000
Everglades Fire Control District..	65,684	65,000	65,000
Everglades Experiment Station	18,000	18,000	18,000
Total Expenditure by State Agencies	696,759	696,000	696,000
Total Federal Obligations ...	28,606	36,400	36,300

1	100	100	100
2	100	100	100
3	100	100	100
4	100	100	100
5	100	100	100
6	100	100	100
7	100	100	100
8	100	100	100
9	100	100	100
10	100	100	100
11	100	100	100
12	100	100	100
13	100	100	100
14	100	100	100
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89	100	100	100
90	100	100	100
91	100	100	100
92	100	100	100
93	100	100	100
94	100	100	100
95	100	100	100
96	100	100	100
97	100	100	100
98	100	100	100
99	100	100	100
100	100	100	100

(b) Soil Conservation Operations

Appropriation Act, 1949	\$43,500,000
Anticipated Pay Act Supplemental, 1949	3,493,000
Transfer in 1950 Estimates from "Printing and Binding, Department of Agriculture"	58,800
Base for 1950	47,051,800
Budget Estimate, 1950	47,028,800
Decrease (due to partial absorption of Pay Act costs)	<u>-23,000</u>

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)	Decrease
1. Soil and water con- servation operations in conservation dis- tricts and in coopera- tion with other Feder- al and State agencies	\$36,456,518	\$45,336,300	\$45,313,300	-\$23,000
2. Operation of conser- vation nurseries for the furnishing of plants for use in soil and water conservation operations	1,312,610	1,514,000	1,514,000	- -
Allotted to Bureau of Plant Industry, Soils, and Agricultural Engineering	186,700	201,500	201,500	- -
Total pay act costs ...	- -	[3,493,000]	[3,549,300]	
Unobligated balance ...	99,032	- -	- -	- -
Total available	38,054,860	47,051,800	47,028,800	-23,000 (1)
Transferred to "Salaries and expenses, Office of Information"	+2,140	- -	- -	
Transfer in 1950 esti- mates from "Printing and binding, Depart- ment of Agriculture"	-57,000	-58,800	- -	
Anticipated pay act supplemental	- -	-3,493,000	- -	
Total appropriation or estimate	38,000,000	43,500,000	47,028,800	

DECREASE

(1) A decrease of \$23,000 due to partial absorption of Pay Act costs, which will be met by adjustments in general operating expenses.

REPORT OF THE

COMMISSIONERS OF THE
LAND OFFICE
IN RESPONSE TO A RESOLUTION
PASSED BY THE HOUSE OF REPRESENTATIVES
ON JANUARY 10, 1890
RELATIVE TO THE
LANDS BELONGING TO THE STATE

ALBANY:
J. B. LEECH, STATE PRINTER,
1890.

THE LANDS BELONGING TO THE STATE
OF NEW YORK.

ALBANY:
J. B. LEECH, STATE PRINTER,
1890.

STATUS OF PROGRAM

Current Activities:

Conservation districts throughout the nation (all 48 States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands have adopted soil conservation districts legislation) are being assisted in developing and carrying out locally-adapted programs of soil and water conservation. This assistance furnished by the Soil Conservation Service includes:

1. The services of soil scientists who make the necessary physical inventories of the land to secure data (soil type, degree of slope, character and extent of erosion, present land use, etc.) needed to determine the use capabilities and conservation needs of each acre of land.
2. The services of soil conservationists, engineers, and other agricultural specialists and aides who help farmers and ranchers develop and apply individual conservation farm or ranch plans. (Soil and water conservation practices included in such conservation plans allow for the best possible use of the farmer's land, labor, equipment, and financial ability to do conservation farming on his land.)
3. The use of special equipment needed to facilitate establishment of conservation practices but which is of a kind that is beyond the purchase ability of an individual operator or for other reasons not readily available to the farmers and ranchers within the conservation district.
4. The grant of limited quantities of trees, new or improved strains of grass seed, and other planting materials which serve to control erosion and also have economic value.
5. In the Western States, streamflow forecasts -- developed from snow surveys -- which serve as a basis for efficient seasonal utilization of water available for irrigation and other purposes.

Limited assistance is also given to farmers and ranchers in areas outside conservation districts. The work is conducted in close cooperation with various other Federal and State agencies that have an interest and responsibility in furthering programs of soil and water conservation and sound land use. This cooperative effort is developing a better understanding locally of erosion and land-use problems and is encouraging more widespread adoption by farmers and ranchers of conservation farming methods.

Selected Examples of Recent Activities:

1. Soil and Water Conservation Operations in Conservation Districts and in Cooperation with Other Federal and State Agencies

Status of Organization of Conservation Districts

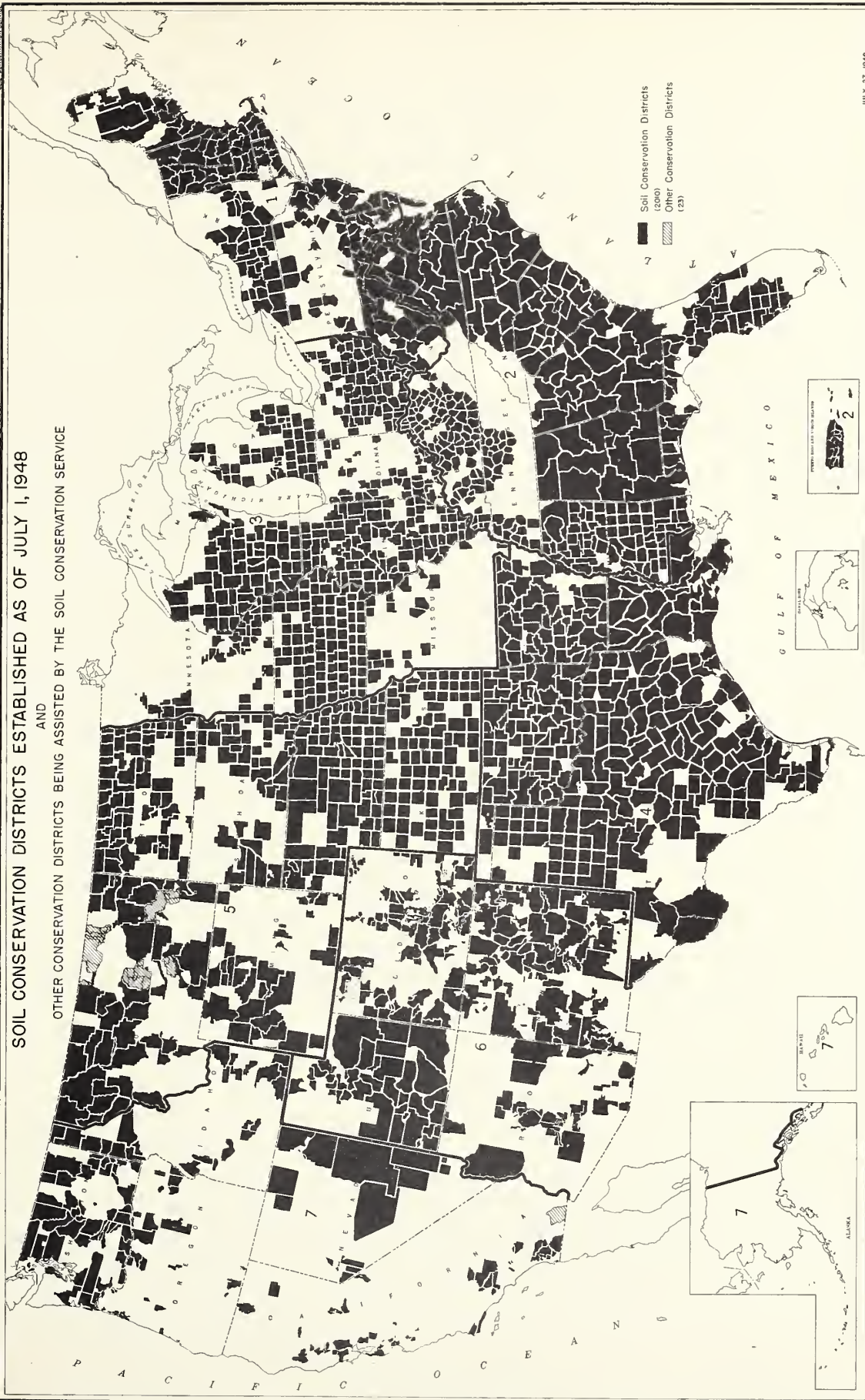
It is estimated that about 167 conservation districts will be organized by local farmers and ranchers during the fiscal year 1949 and that a total of 2,200 districts will be requesting assistance from the Soil Conservation Service during the year in planning and applying soil and water conservation on farms and ranches. An estimated additional 175 conservation districts will be organized in the fiscal year 1950 and will be requesting assistance with their conservation and land use programs. As of June 30, 1948, 76 percent of the total farms in the United States were included within the boundaries of organized conservation districts. It is estimated that the percentage will increase to 84 percent in 1949 and to approximately 92 percent by the end of 1950.

The following table shows by fiscal years the number of conservation districts that have been organized and the acreages and farms included in those districts:

	:Number of :Districts :Organized	: Total Acres : in Organized : Districts	:Approximate : Acres : in Farms	:Number of :Farms in :Districts
<u>Actual</u>	:	:	:	:
June 30, 1947	: 1,889	:1,002,968,587	:655,400,000	:4,456,943
Average per district	: --	: 530,952	: 346,956	: 2,359
June 30, 1948	: 2,033	:1,114,003,208	:750,587,230	:4,463,374
Average per district	: --	: 547,960	: 369,202	: 2,915
<u>Estimated</u>	:	:	:	:
June 30, 1949	: 2,200	:1,232,500,000	:830,458,500	:4,943,200
Average per district	: --	: 560,227	: 377,481	: 2,247
June 30, 1950	: 2,375	:1,350,750,000	:910,135,300	:5,417,500
Average per district	: --	: 568,737	: 383,215	: 2,281

The following map shows the conservation districts which had been organized as of July 1, 1948.

SOIL CONSERVATION DISTRICTS ESTABLISHED AS OF JULY 1, 1948
AND
OTHER CONSERVATION DISTRICTS BEING ASSISTED BY THE SOIL CONSERVATION SERVICE



Conservation Education

Forty-eight extension soil conservationists (35 are cooperatively employed by the Extension Service and SCS) and other State and county extension workers devoted 84,345 days to soil conservation educational work in 2,843 counties during the calendar year of 1947. They were assisted in this work in 41,072 communities by 71,684 farm leaders.

Part of the work of the extension soil conservationists, which was further expanded in 1948, was 4-H Club work in soil and water conservation. State and national contests were held in which nearly all States participated. There were 147,567 boys and girls who received definite training in soil and water conservation, and 10,391 boys and girls who are enrolled in special soil and water conservation projects involving 266,376 acres. Public school officials in almost all of the States were given help in establishing curricula in both elementary and secondary schools and in training and carrying out the planned school programs in soil conservation teaching.

Nationwide Interest in Conservation

Soil and water conservation and proper land use are gaining recognition as being problems which concern more people than just farmers and ranchers in conservation districts. Banks, railroads, equipment companies, schools, civic and other organizations have been very active in urging participation in the conservation program. The following are some of the special activities in which these various groups engaged during the fiscal year 1948:

1. District supervisors and local business men sponsored 55 major conservation field days and numerous smaller events in which 250,000 people participated.
2. More than 100 national, State, and local soil conservation contests were conducted by business and civic organizations for prizes totaling well over \$100,000.
3. Colorado, Georgia, and several other States, by special proclamation of the respective Governors, observed a special soil conservation week with appropriate supporting activities.
4. Over 3,500 veterans in Georgia enrolled in a special training course during "Conservation Week" and are now applying conservation measures on their lands.

District Leaders Active

Many conservation districts are achieving more rapid and widespread adoption of conservation farming methods through the use of local voluntary group leaders. These men are the "natural" leaders to whom their neighbors look for advice and leadership. The local conservation districts are placing responsibility on these leaders for directing conservation work in their neighborhood groups. A striking example of the selection and use of group leaders is illustrated in the Decatur, Texas, Soil Conservation District. Cooperative agreements had been secured with only 55 percent of the land owners and operators in one of the watersheds. District supervisors worked on the problem with local neighborhood group leaders who, in three weeks, interested sufficient farmers and ranchers to raise the percentage of cooperators to 93 percent.

Many conservation districts are purchasing needed equipment for use by farmers and ranchers within their boundaries and are effectively operating this and other equipment made available by the Soil Conservation Service or by other Federal, State, and local agencies; and are also arranging with contractors to perform the work. The soil conservation districts in the State of Colorado on January 1, 1947 had on hand, and used during the year, 217 pieces of equipment valued at nearly \$198,000. During the calendar year 1947 these districts purchased 58 pieces of equipment at a cost of \$121,000. They also utilized 242 pieces of privately-owned and regular contractors' equipment in the districts.

Conservation Surveys, Planning, and Treatment Accomplishments

Type of Work	Unit	Actual 1948	Cumulative to 6/30/48	Estimated 1949	1950
Conservation surveys	Acres	26,843,030	279,790,516	33,000,000	33,000,000
Individual farm and ranch plans..	No.	109,673	571,163	125,000	125,000
Farm and ranch planning	Acres	31,484,947	157,751,642	37,000,000	37,000,000
Conservation treatment	Acres	21,576,654	82,824,431	25,000,000	25,000,000

"Soil Conservation Operations" Costs and Accomplishments

Item	Obligations	Accomplishments	Cost per Acre
<u>Fiscal Year 1948.</u>			<u>1/</u>
Conservation surveys	\$2,435,471	26,843,080 Ac.	\$.09
Farm and ranch conservation planning	12,909,028	31,484,947 Ac.	.41
Conservation treatment	20,882,645	21,576,654 Ac.	.97
Improvement and maintenance of program on farms and ranches:	<u>1,541,984</u>		
Total obligations	<u>37,769,128</u>		
<u>Fiscal Year 1949 (Estimated)</u>			
Conservation surveys	\$3,173,300	33,000,000 Ac.	.096
Farm and ranch conservation planning	15,868,000	37,000,000 Ac.	.43
Conservation treatment	25,996,000	25,000,000 Ac.	1.04
Improvement and maintenance of program on farms and ranches:	<u>1,813,000</u>		
Total obligations	<u>46,850,300</u>		
<u>Fiscal Year 1950 (Estimated)</u>			
Conservation surveys	\$3,172,000	33,000,000 Ac.	.096
Farm and ranch conservation planning	15,860,000	37,000,000 Ac.	.43
Conservation treatment	25,983,300	25,000,000 Ac.	1.04
Improvement and maintenance of program on farms and ranches:	<u>1,812,000</u>		
Total obligations	<u>46,827,300</u>		

1/ 1948 figures are not comparable to 1949 and 1950 figures because of the additional pay costs in the latter years due to Public Law 900. Placed on a comparable basis, per acre costs for 1948 amount to approximately \$0.10 for surveys; \$0.44 for planning and \$1.05 for treatment.

Some of Major Soil Conservation Practices Applied to Land
With Soil Conservation Service Assistance

Name of Practice	Unit	Applied during fiscal year 1948	Cumulative to June 30, 1948 ^{1/}
Contour farming	Acres	3,183,501	16,199,802
Cover cropping	Acres	2,572,410	7,783,989
Crop residue management	Acres	6,302,316	21,578,265
Strip cropping	Acres	747,178	4,212,971
Seeding pasture and range	Acres	1,811,417	7,566,771
Woodland improvement	Acres	2,178,428	7,314,720
Tree planting	Acres	86,643	413,111
Farm and ranch ponds	Number	30,388	108,673
Terraces	Miles	87,263	523,140
Diversions	Miles	4,883	17,902
Farm drainage	Acres	1,089,730	2,867,690
Irrigation land preparation	Acres	217,673	597,002
Improved water application	Acres	527,638	1,642,488
Field windbreaks	Miles	1,374	6,650

^{1/} These data are for first-time application only and do not include duplication of acreage for reapplication or maintenance of those same practices year after year.

Serious Land Conditions

The preliminary survey of land conditions in the United States which was started in 1946 was completed in 1948. This general survey enabled classification of the land areas of the country into three categories, those being critically damaged, those being seriously damaged, and those being slowly damaged. As more detailed physical data become available, refinements and corrections in classification will be made. This survey has revealed an urgent need for stepping up the rate of conservation treatment of the farm and ranch lands of the country.

Group Facility Work

Many small irrigation or drainage jobs which involve several farms are being developed cooperatively through conservation districts. In 1948 through the combined efforts of a Wyoming soil conservation district and the farmers involved, and with the technical assistance of the Soil Conservation Service, a dilapidated wooden diversion was replaced by a concrete diversion dam. The new structure which serves 4,863 acres of land combined the ditches so that only 4 headgates are necessary instead of the 6 formerly used, and eliminated several costly flumes and siphons.

The East Agassiz District in Minnesota reports that excellent results have been achieved through group drainage projects. One group job which involved 6 farms increased per-acre yields from nothing before drainage work was done, to over 45 bushels of oats and 200 bushels of potatoes the first year.

Cooperative Snow Surveys

Snow surveys are being conducted in 11 of the Western States. A series of forecasts are issued each spring on the potential water supplies available from the watersheds surveyed. The hydrologic data on which the forecasts are based are secured through periodic surveys of about 1,000 snow courses. Obligations of the Soil Conservation Service for making snow surveys in 1948 (does not include research costs) amounted to \$51,900. Contributions of cooperators amounted to \$120,678 of which \$78,479 was cash and \$42,199 in services.

2. Operation of Conservation Nurseries for the Furnishing of Plants for Use in Soil and Water Conservation Operations

Developing Production Sources

Sources of conservation planting stock are still inadequate to meet the current demand of conservation district cooperators although both State and commercial nurseries are rapidly increasing their production of tree species on the basis of the tree planting programs of conservation districts. The 35 million trees and other plants furnished conservation districts in 1948 by the Soil Conservation Service represent about 10 percent of the total need for planting stock within districts.

Conservation districts in Nebraska have contracted with commercial nurseries for approximately 1 million plants in 1949. In locations where there are no State-operated nurseries and few commercial nurseries from which to make purchases, conservation districts have established nurseries for the production of trees, kudzu crowns and certain rare grass and legume seeds. This activity on the part of the districts is being encouraged and all possible assistance

Planting Materials for Grant to Conservation Districts

Item	:	1948	:	1949	:	1950
	:		:	(Estimated)	:	(Estimated)
Trees, shrubs, and other plants (no.)	:	35,000,000	:	35,000,000	:	40,000,000
Grass and legume seed (lbs.)	:	1,500,000	:	1,500,000	:	1,500,000

It is estimated that conservation districts are purchasing about 5 plants for every 1 received by grant from the Soil Conservation Service.

(c) Land Utilization and Retirement of Submarginal Land

Appropriation Act, 1949	\$1,125,000
Anticipated Pay Act Supplemental, 1949	64,000
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture"	1,000
Base for 1950	1,190,000
Budget Estimate, 1950	1,327,000
Increase (for grassland and related development work)	<u>+137,000</u>

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)	Increase
1. Development and manage- ment of land acquired .	\$1,478,654	\$1,190,000	\$1,327,000	+\$137,000
Total pay act costs	- -	[75,900]	[90,000]	
Unobligated balance	5,718	- -	- -	- -
Total available	1,484,372	1,190,000	1,327,000	+\$137,000(1)
Transferred to "Adminis- tration, etc., Crab Orchard Creek project, Fish and Wildlife Service, Department of the Interior"	+116,756	- -	- -	
Transfer in 1950 estimates: from "Printing and binding, Department of Agriculture"	-1,128	-1,000	- -	
Anticipated pay act supplemental	- -	-64,000	- -	
Total appropriation or estimate	1,600,000	1,125,000	1,327,000	

INCREASE

(1) Increase of \$137,000 to seed and otherwise develop for grazing purposes idle and unproductive Government-owned lands in order to remove them from erosion hazards and to make them useful to local farmers and ranchers.

Need for Increase: Of the total submarginal land area acquired by the Department under the authority of Title III of the Bankhead Jones Farm Tenant Act, there remains approximately 263,000 acres of land suitable for range and pasture to be revegetated and otherwise developed for grazing purposes. The work to be done includes seed bed preparation, seeding, liming, fertilizing, mowing, brushing, and the construction of some fences and stockwater facilities. A good portion of this land is in hazardous windblow areas and, not having proper vegetative cover, presents a serious erosion hazard.

The Land Utilization program was established to acquire submarginal lands and develop them in the interest of land conservation and proper utilization. Another purpose was to improve the agricultural economy of the communities in which the lands are located. Further delay in getting a good grass cover on the acres that remain idle and unproductive may result in further serious damage from erosion, will increase the ultimate cost of development because of the invasion of undesirable weeds and brush, and will defer still further the time when these lands can give the maximum benefits to the United States and the communities involved.

Plan of Work: In the Great Plains and western areas, the denuded and abandoned croplands would be seeded to suitable grass after only a minimum of soil preparation, including removal in some cases of sage and rabbit brush. In the dust bowl area of the Southern Great Plains, soil stabilization work must be undertaken on some of the land before it can be seeded. In the more humid areas lime and fertilizer would be applied and some seeding, scrubbing, and plowing done in order to make the land productive. Fences and livestock water facilities would be constructed where necessary in connection with the use of the land improved. As development is completed, lands would be made available to local farmers and ranchers at equitable rates, for grazing and pasture purposes. The following table shows the estimated amounts of the major types of work that would be accomplished with the increase requested:

<u>Type of Work</u>	<u>Amount of Work</u>
Seeding range and pasture	14,200 acres
Seed bed preparation	2,000 acres
Liming	200 acres
Fertilizing	700 acres
Mowing and brushing	2,200 acres
Fencing	70 miles
Stock water sources	15 units

CHANGE IN LANGUAGE

The estimates propose the following change in the language of this item (new language underscored, deleted material enclosed with brackets):

For expenses necessary to carry out the provisions of Title III of the Bankhead-Jones Farm Tenant Act, * * * and the provisions of the Act approved August 11, 1945 ([Public Law 179, Seventy-ninth Congress] 7 U.S.C. 1011, note) * * *

This proposed change is for the sole purpose of substituting the U. S. Code reference to the Act of August 11, 1945 in lieu of the public law number.

STATUS OF PROGRAM

Current Activities:

Land Areas Administered

Under the provisions of Title III of the Bankhead-Jones Farm Tenant Act, the Soil Conservation Service has been assigned the responsibility for administering 79 separate project areas which cover 7,121,139 acres in 31 States. In addition it administers the leases on 32 other areas covering 359,796 acres, the management of which has been transferred to State agencies. All of these lands were acquired by the Government --because they were submarginal or not primarily suited for cultivation-- to prevent further damage to and bring about proper use of the land and to improve the agricultural economy of the communities affected. The lands are being or have been restored to productive use consistent with their capabilities.

Development and Management Activities

Around 600,000 acres of the land acquired are adapted to forestry development and management, 6,500,000 acres are best suited for grazing purposes, and the rest is suitable for cropping, wildlife, recreation, and other miscellaneous uses. While a great part of the development work on these lands has been completed, there remains yet to be done considerable seeding and improving of pasture and range lands, developing of wells, springs, and other watering facilities for stock, tree planting, and construction of fire trails and roads. Buildings, fences, and other facilities must, of course, be maintained and fire protection provided for these improvement and forest areas.

After development, the lands and facilities on the Land Utilization projects are made available for rental to local farmers and ranchers at equitable rates under specific use conditions. This enables them to better utilize their own lands and to place their operations on a more secure and permanent basis and at a better income level. The Federal Government collects substantial annual revenues from the use of the land. Grazing, haying, cropping, and woodland production have been the four major uses of land authorized.

Also included in the work authorized to be carried on under this appropriation item is the settlement of boundary-dispute claims that may develop as a result of the Act of August 11, 1945 (Public Law 179, 79th Congress). This law authorized the Secretary to settle claims to certain so-called Sebastian-Martin Grant lands in the State of New Mexico which are now a part of the Grant Lands Land Utilization Project.

Selected Examples of Recent Progress:

Development Accomplishments and Work Load

The following table shows estimated amounts of some of the more important items of development work completed during the 18-month period from January 1, 1947 to June 30, 1948, the fiscal years 1949 and 1950 and the estimated balance remaining to be done after June 30, 1950:

Type of Work	Unit	Estimated Completed			Balance to Complete
		1/1/47 to 6/30/48	Fiscal Year 1949	Fiscal Year 1950	
Seeding range and pasture ..	ac.	91,000	38,000	52,200	172,800
Seed bed preparation	ac.	14,200	11,000	13,000	101,500
Liming	ac.	2,540	1,000	1,200	28,950
Fertilizing	ac.	8,640	3,600	4,300	36,770
Mowing and brushing	ac.	18,000	3,000	5,200	30,100
Fencing	mi.	1,058	480	530	1,270
Stock water sources	no.	207	100	115	509
Tree planting	ac.	700	1,000	1,000	78,250
Fireguards	mi.	250	100	100	360
Roads and trails	mi.	12	10	10	438
Administrative buildings ...	no.	4	2	2	79
Restoration of spillways					
1. First priority	no.	1	-	-	4
2. Second priority	no.	-	-	-	6

Use of Project Lands and Facilities

Project lands and facilities are made available to local farmers and ranchers at equitable rates under specific use conditions. During the calendar year 1947, nearly 8,000 use permits were issued to local farmers and ranchers. The following table shows the four major uses of the land in the calendar years 1946 and 1947:

Calendar Year and Use	Number of Operators Using	Acres Used	Unit Measure of Production
<u>1946</u>			
Grazing	5,793	6,373,449	1,672,983 A.U.M.
Haying	545	--	13,122 tons
Cropping	457	16,142	--
Woodland production	1,042	--	32,013,310 bd.ft.
<u>1947</u>			
Grazing	6,092	6,436,135	1,680,565 A.U.M.
Haying	551	--	20,834 tons
Cropping	415	22,147	--
Woodland production	890	--	31,337,224 bd.ft.

Revenue Received from Use of Projects

The income from lands administered by the Service amounted to \$833,756 for the calendar year 1947. Of this amount 25 percent or approximately \$208,439 was paid in lieu of taxes to the counties in which the lands were located. The following table shows the types of revenue and the amount received for each of the calendar years 1946 and 1947:

Type of Revenue	Calendar Year Receipts	
	1946	1947
Grazing	\$382,615	\$469,801
Haying	10,202	13,660
Cropping	22,637	54,285
Building occupancy	4,976	3,883
Recreation	19,974	23,835
Mineral royalties	35,673	13,524
Easements	439	1,432
Forest products	234,422	238,144
Salvaged improvements	15,611	10,158
Unclassified	1,792	5,034
Total	728,341	833,756

Revenues from these projects are currently estimated at \$900,000 for each of the calendar years 1948 and 1949. Payments to counties from this amount would be \$225,000 each year.

Land Exchanges

No land purchases are contemplated during either of the fiscal years 1949 or 1950. However, applications continue to be received for the exchange of private lands for Government-owned lands. The following table shows the status of land exchange work:

Applications	Cases	Fed. Land Released		Priv. Land Acquired	
		Tracts	Acres	Tracts	Acres
Received 1948	47	87	21,732	83	26,081
Completed 1948	48	79	16,755	66	20,317
Pending July 1, 1948	82	165	41,482	163	54,561

Sebastian-Martin Boundary-dispute Claims

Out of the possible 75 Sebastian-Martin Boundary-dispute claims that it was estimated might develop, a total of 8 parcels involving 72.6 acres have been returned to private ownerships. Five of these parcels involving about 17.7 acres were settled during the fiscal year 1948. While it is impracticable to estimate how many of the claims will be submitted during the fiscal years 1949 and 1950 several other parcels are now in process of determination as to eligibility for return.

(d) Payments Due Counties and Refunds, Submarginal Land Program,
Farm Tenant Act (Permanent Appropriation)

This item covers obligations for the payment to counties of 25 percent of the net revenues received each calendar year from the use of lands administered by the Secretary, and for the refund of unearned amounts received for the use of such lands, under the provisions of Title III of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937, as follows:

Item	: Actual : 1948	: Estimated : 1949	: Estimated : 1950
Payments due Counties.....	\$215,451	\$232,500	\$232,500
Refunds of excess payments.....	539	700	700
Total.....	\$215,990	\$233,200	\$233,200

In previous years separate accounts have been maintained for payments due counties and for refund of excess payments received. However, since expenditures for both purposes are made from the same revenue, the accounts have been combined.

(e) Water Conservation and Utilization Projects

Appropriation Act, 1949 - -
 Budget Estimate, 1950 - -

Note: It is estimated that obligations totaling \$319,165 in 1949 and \$600,000 in 1950 will be incurred against prior year balances which are available until expended. These balances are proposed for expenditure as shown in the Project Statement below.

PROJECT STATEMENT
 (Amounts Shown Include Pay Act Costs)

Project	1948	1949 :(estimated):	1950 :(estimated):	Increase
1. Land development.....	\$335,048:	\$266,300:	\$527,600:	+\$261,300
2. Land management, set- tlement and technical guidance.....	47,064:	52,865:	72,400:	+19,535
Total pay act costs.....	- - :	/23,000/:	/43,000/:	
Total obligations.....	382,112:	319,165:	600,000:	+280,835(1)
1947 balance available in 1948.....	-1,300,784:	- - :	- - :	
1948 balance available in 1949	+918,965:	-918,965:	- - :	
1949 balance available in 1950	- - :	+600,000:	-600,000:	
Transfer in 1950 esti- mates from "Printing and binding, Department of Agriculture".....	-293:	-200:	- - :	
Total appropriation or estimate.....	- - :	- - :	- - :	

INCREASE

(1) The increase in obligations of \$280,835 represents an increase on a working fund basis only. No new appropriation is being requested for 1950. The estimated obligations in 1950 will permit acceleration of the development of irrigable lands on the remaining uncompleted projects.

1941

1942

1943

1944

1945

1946

1947

1948

1949

1950

1951

1952

1943

1944

1945

1946

1947

1948

1949

1950

1951

1952

STATUS OF PROGRAM

Current Activities:

Developing Efficient Irrigation Farms

The Water Conservation and Utilization program is carried on cooperatively with the Bureau of Reclamation which has as its responsibility the construction of the primary water supply features such as dams, reservoirs, and principal canals. The Soil Conservation Service is responsible for developing efficient irrigation farming units for qualified farm families which includes the following work activities:

1. Acquisition of such lands as are needed to readjust land ownership and operating unit patterns.
2. Development of irrigable project lands for efficient use of water. (Development and improvement work consists of making detailed land classifications and topographic surveys, clearing brush, leveling land, subdividing acquired lands into economic-sized farm units, and constructing farm ditches, drains, and other water control structures.)
3. Selection of qualified farm families as settlers and consummating sale of farms. (Pending sale, developed lands are leased for farming purposes.)
4. Furnishing of technical guidance to farm operators by experienced irrigation engineers, soil scientists, soil conservationists, and other specialists, in matters of efficient irrigation farming and soil conservation.

Selected Examples of Progress:

Acceleration of Land Development

No new appropriation was requested for either 1948 or 1949 nor is one requested for 1950. It is anticipated that the rate of obligations on 5 of the 11 active projects can be reduced in 1950 when development work on these projects is completed and the farm units are ready for sale. It is planned, with the additional funds budgeted for 1950, to increase the rate of development work on the remaining uncompleted projects. The table in the next paragraph shows the obligations estimated to be incurred, by project, in the fiscal years 1949 and 1950.

Distribution of Funds Remaining Available for Obligation as of 7/1/48
(Balances of "Great Plains" funds are also shown in order to
facilitate program analysis)

Project	1949 Estimated			1950 Estimated		
	"Wheeler Case" Funds	"Great Plains" Funds 1/	Total	"Wheeler Case" Funds	"Great Plains" Funds 1/	Total
Angostura	\$49,395	—	\$49,395	\$220,000	—	\$220,000
Bitterroot	8,916	—	8,916	—	—	—
Buffalo Rapids I	33,981	\$ 126	34,107	14,777	—	14,777
Buffalo Rapids II	59,577	7,193	66,770	24,514	—	24,514
Buford-Trenton	—	10,646	10,646	30,000	\$62,175	92,175
Eden Valley	—	30,044	30,044	136,209	8,394	144,603
Intake	1,000	—	1,000	1,500	—	1,500
Mancos	45,028	—	45,028	45,000	—	45,000
Mirage Flats	25,672	2,335	28,007	15,000	—	15,000
Post Falls	10,141	—	10,141	—	—	—
Rapid Valley	—	—	—	25,000	—	25,000
Total Direct						
Projects Costs	233,710	50,344	284,054	512,000	70,569	582,569
General Adminis- tration	85,455	—	85,455	88,000	—	88,000
Total	319,165	50,344	369,509	600,000	70,569	670,569

1/ Construction, Water Conservation and Utility Projects.

Development Accomplishments and Work Load

The following table shows some of the more important items of development work completed during the fiscal year 1948, the amount completed to date, and the amount remaining to be done:

Item	Unit	Total Development Planned	Accomplished in 1948	Accomplished to 6/30/48	Remaining to be done 7/1/48
Topographic surveys	acre	198,040	8,104	156,145	41,895
Land classification	acre	208,300	12,783	155,378	52,922
Unit subdivisions	no.	626	30	473	153
Clearing	acre	36,511	2,413	22,827	13,684
Leveling	acre	122,431	5,940	49,369	73,062
Farm laterals	mile	1,904	43	610	1,294
Farm drains	mile	494	23	250	244
Irrig. structures	no.	12,488	697	4,029	8,459

Status of Land Development

Project	Date Authorized	Irrigable Acreage	Percent Development Completed 6/30/48
Angostura (So. Dak.)	March 6, 1941	16,180	54.
Balmorea (Texas)	April 15, 1944	7,520	-
Bitterroot (Mont.)	March 22, 1944	18,630	-
Buffalo Rapids I (Mont.)	May 15, 1940	14,507	91.
Buffalo Rapids II (Mont.)	May 15, 1940	10,400	94.
Buford-Trenton (No. Dak.)	Sept. 23, 1939	14,729	74.
Dodson (Mont.)	March 17, 1944	1,200	90.
Eden Valley (Wyoming)	Sept. 18, 1940	20,000	12.1
Intake (Mont.)	Jan. 20, 1944	825	47.7
Mancos (Colo.)	Oct. 24, 1940	10,000	44.
Mirage Flats (Nebr.)	March 30, 1940	12,000	93.
Missoula (Mont.)	May 10, 1944	900	85.7
Newton (Utah)	Oct. 17, 1940	2,225	100.
Post Falls (Idaho)	Jan. 29, 1944	3,260	90.
Rapid Valley (So. Dak.)	Nov. 8, 1939	12,000	-
Scofield (Utah)	May 24, 1943	12,500	30.

Status of Farm Sales

Following unit subdivision and development, government-owned lands are sold to qualified operators. Temporary lease and purchase applications are reviewed and recommendations made thereon by a local advisory board. The following table shows the status of farm sales as of Nov. 30, 1948:

Project	Number of Tracts (1)	Applications for purchase rec'd. (2)	Tracts Sold (3)	Acres Sold (4)	Value Land Sold (5)
Angostura	105	-	-	-	-
Buffalo Rapids I	115	565	38	7,685	\$307,352
Buffalo Rapids II	62	15	8	1,933	31,433
Buford-Trenton	97	177	46	7,710	373,867
Mancos	2	6	-	-	-
Mirage Flats	110	482	59	6,813	491,795
Post Falls	15	90	13	1,502	84,151
Total	506	1,335	164	25,643	1,288,598

Acres sold includes both irrigated and non-irrigated (grazing) acreage.

Project Obligations through 6/30/48

The amounts obligated through June 30, 1948 for each Water Conservation and Utilization Project under the respective funds and programs which were scheduled to contribute to the development of the projects are shown in the following table:

Project Name	Obligations Through June 30, 1948			Total
	Wheeler-Case Funds	Great Plains Funds <u>1/</u>	Services Contributed by CCC, WPA, etc.	
Angostura	\$ 294,498	-	-	\$ 294,498
Balmorhea	-	-	-	-
Bitterroot	194,081	-	-	194,081
Buffalo Rapids I	44,263	\$ 209,874	\$ 224,405	478,542
Buffalo Rapids II	189,460	337,807	134,486	661,753
Buford-Trenton	-	630,137	264,838	894,975
Dodson	51,485	-	-	51,485
Eden Valley	-	116,157	5,061	121,218
Intake	20,405	-	-	20,405
Mancos	312,209	-	-	312,209
Mirage Flats	454,744	167,665	36,837	659,246
Missoula	65,297	-	-	65,297
Newton	74,230	-	-	74,230
Post Falls	193,365	-	-	193,365
Rapid Valley	7,117	15,042	-	22,159
Saco Divide	-	405	-	405
Scofield	119,560	-	12,200	131,760
Total direct project costs	\$2,020,714	\$1,477,087	\$ 677,827	\$4,175,628
Project Investiga- tions and Surveys	233,473	-	-	233,473
General Adminis- tration <u>2/</u>	771,914	-	-	771,914
Total obligations through 6/30/48	\$3,026,101	\$1,477,087	\$ 677,827	\$5,181,015

1/ Construction, Water Conservation and Utility Projects.

2/ Includes obligations incurred by the Farm Security Administration from July 1, 1942 to June 30, 1945; Office of Production from July 1, 1943 to June 30, 1944; Office of the Solicitor from July 1, 1941 to June 30, 1946; and the Soil Conservation Service from July 1, 1945 to June 30, 1948.

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS
(Amounts Shown Include Pay Act Costs)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>Flood Control, Department of Agriculture (Allotment to Soil Conservation Service):</u>			
Preliminary examinations and surveys.....	\$832,663:	\$1,208,346:	\$1,510,000
Works of improvement.....	2,707,520:	4,198,740:	6,466,400
Total, Flood Control.....	3,540,183:	5,407,086:	7,976,400
<u>Research and Marketing Act of 1946, Department of Agriculture (Allotment to Soil Conservation Service):</u>			
(Title I, Sec. 10b) Research other than utilization.....	82,379:	a/ 88,000:	b/
<u>Construction, Water Conservation and Utility Projects (Allotment to Agriculture)(Soil Conservation Service):</u>			
Land development on water conservation and utility projects..	25,006:	50,344:	70,569
<u>Salaries and Expenses, American Sections, International Commission (Transfer to Agriculture) (Soil Conservation Service):</u>			
Appraisal of results of increasing the height of ground-water table of lands adjacent to Kootenai Lake, Idaho.....	1,646:	- -	- -
<u>Working Funds, Agriculture, (Soil Conservation Service) Advances from Department of the Interior:</u>			
National Park Service, for the furnishing of trees and shrubs..	16,542:	15,804:	- -
Bureau of Reclamation, for the establishment and measurement of additional snow courses.....	16,400:	2,773:	- -
Bureau of Reclamation, for preparation and duplicating of bibliography on sedimentation..	17:	1,683:	- -
Total, Department of the Interior.....	33,049:	20,260:	- -

a/ Based on allotments as of January 15, 1949.

b/ Allotments under this appropriation for the fiscal year 1950 have not been determined.

(Continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>National Military Establishment,</u>			
<u>Department of the Navy:</u>			
Bureau of Yards and Docks, for			
carrying out erosion control			
measures at the Naval Air			
Station, Whiting Field, Florida:	22,318:	35,682:	- -
Bureau of Yards and Docks, for			
preparing master erosion control			
plans for various Naval Ammuni-			
tion Depots.....	- -	26,694:	- -
Total, Department of the Navy	22,318:	62,376:	- -
<u>National Military Establishment,</u>			
<u>Department of the Army:</u>			
Corps of Engineers, for perform-			
ing restoration work on Govern-			
ment-owned lands which were			
damaged by use for military			
purposes.....	11,464:	- -	- -
Total, Working Funds.....	66,831:	82,636:	- -
<u>Payments in Lieu of Taxes, and</u>			
<u>Operation and Maintenance Costs,</u>			
<u>Water Conservation and Utilization</u>			
<u>Projects: Trust fund receipts</u>			
from land leases for payments in			
lieu of taxes to States, politi-			
cal subdivisions thereof, and			
local taxing units, and for			
operation and maintenance expen-			
ses of the resettlement features			
of certain water conservation			
and utilization projects (40			
U.S.C. 431-434).....	30,468:	34,306:	33,000
<u>Operation and Maintenance, Water</u>			
<u>Distribution Systems, Water Con-</u>			
<u>servation and Utilization</u>			
<u>Projects: Trust fund water re-</u>			
ceipts for operation and main-			
tenance expenses of the Wyoming			
Rural Rehabilitation Corpora-			
tions' water distribution system			
in the Eden Valley, Wyoming			
water conservation and utiliza-			
tion project (40 U.S.C. 431-434):	8,004:	12,997:	14,000

(Continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
Miscellaneous Contributed Funds,			
Department of Agriculture (Allot-			
ment to Soil Conservation			
Service):			
Trust fund for flood control			
works of improvement on the			
Los Angeles watershed.....	64,373:	75,795:	65,000
Return of Excess Deposits for Re-			
production of Photographs,			
Mosaics, and Maps, (Soil Conserva-			
tion Service):			
Trust fund for refunds of moneys:			
received by the Soil Conserva-			
tion Service for furnishing			
reproductions of photographs,			
mosaics, and maps, which are in:			
excess of the cost of reproduc-			
tion.....	770:	800:	800
Cooperation with the American Re-			
publics (Transfer to Agriculture)			
(Soil Conservation Service):			
Administrative expenses in con-			
nection with comprehensive			
training of Latin-American			
technicians in the principles			
and practices of soil and water:			
conservation and proper land use	10,158:	10,000:	a/ 13,000
Penalty Mail Costs, Department of			
Agriculture (Allotment to Soil			
Conservation Service):			
For cost of handling penalty			
mail pursuant to Section 2,			
Public Law 364, 78th Congress..	49,847:	- -	- -
TOTAL OBLIGATIONS UNDER SUPPLE-			
MENTAL FUNDS	3,881,065:	5,851,964:	8,172,769

a/ This amount is included in detailed schedules under the appropriation "International Information and Educational Activities" in the State Department Chapter of the Budget.

1. The first part of the document is a list of names and addresses, which appears to be a directory or a list of correspondents. The names are written in a cursive script, and the addresses are listed below them. The list is organized in a columnar fashion, with names in the first column and addresses in the second column.

2. The second part of the document is a series of short, handwritten notes or letters. These notes are written in a cursive script and are organized in a columnar fashion, with the notes in the first column and the addresses in the second column. The notes are very brief and appear to be a form of shorthand or a list of quick messages.

3. The third part of the document is a series of longer, handwritten letters or notes. These are written in a cursive script and are organized in a columnar fashion, with the letters in the first column and the addresses in the second column. The letters are more detailed than the notes in the second part and appear to be a form of correspondence.

4. The fourth part of the document is a series of very short, handwritten notes or letters. These are written in a cursive script and are organized in a columnar fashion, with the notes in the first column and the addresses in the second column. The notes are very brief and appear to be a form of shorthand or a list of quick messages.

5. The fifth part of the document is a series of longer, handwritten letters or notes. These are written in a cursive script and are organized in a columnar fashion, with the letters in the first column and the addresses in the second column. The letters are more detailed than the notes in the second part and appear to be a form of correspondence.

6. The sixth part of the document is a series of very short, handwritten notes or letters. These are written in a cursive script and are organized in a columnar fashion, with the notes in the first column and the addresses in the second column. The notes are very brief and appear to be a form of shorthand or a list of quick messages.

7. The seventh part of the document is a series of longer, handwritten letters or notes. These are written in a cursive script and are organized in a columnar fashion, with the letters in the first column and the addresses in the second column. The letters are more detailed than the notes in the second part and appear to be a form of correspondence.

8. The eighth part of the document is a series of very short, handwritten notes or letters. These are written in a cursive script and are organized in a columnar fashion, with the notes in the first column and the addresses in the second column. The notes are very brief and appear to be a form of shorthand or a list of quick messages.

9. The ninth part of the document is a series of longer, handwritten letters or notes. These are written in a cursive script and are organized in a columnar fashion, with the letters in the first column and the addresses in the second column. The letters are more detailed than the notes in the second part and appear to be a form of correspondence.

10. The tenth part of the document is a series of very short, handwritten notes or letters. These are written in a cursive script and are organized in a columnar fashion, with the notes in the first column and the addresses in the second column. The notes are very brief and appear to be a form of shorthand or a list of quick messages.

PASSENGER MOTOR VEHICLES

The Budget Estimates of the Soil Conservation Service for the fiscal year 1950 provide for the replacement of 280 passenger motor vehicles at a net cost of \$308,000 after considering exchange allowances. This will provide for the replacement of approximately 20 percent of the total number of vehicles estimated to be in operation during the 1950 fiscal year. With the exception of such replacements as might be necessary because of destruction of vehicles by fire or accident, each of the vehicles to be replaced will average more than 10 years of age and will have been driven in excess of 100,000 miles.

During 1949 it is planned to complete authorized replacement of 250 vehicles or about 15 percent of the total vehicles estimated to be in operation.

Under the equipment management policy of the Service, pickup trucks are used wherever possible for the transportation of technicians from their headquarters to adjacent work areas. Passenger motor vehicles are used only by zone conservationists, district conservationists, soils and engineering specialists, research project personnel, nursery managers and State and Regional Office personnel for long trips requiring motor transport for those trips which require the transportation of more technicians than a pickup truck can accommodate, and in those areas where public carrier service is inadequate or non-existent.

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PRODUCTION AND MARKETING ADMINISTRATION

Summary of Appropriations, 1949 and Estimates, 1950			
/Note - Figures in brackets / not included in totals/			
Item	Total anticipated available, 1949 a/	Budget estimates, 1950	Increase (+) or decrease (-)
Commodity Credit Corporation:			
(administrative expenses from Corporation funds)....	b/ [\$10,814,700]	[\$12,000,000]	[\$+1,185,300]
Conservation and use of agricultural land resources:			
Annual Appropriation:	150,148,000	290,000,000	+139,852,000
Anticipated supplemental appropriation.....	c/ 9,734,500	--	-9,734,500
Total, Conservation and use..	159,882,500	290,000,000	+130,117,500
Sugar Act.....	72,005,000	65,000,000	-7,005,000
Exportation and domestic consumption of agricultural commodities (Section 32 funds):			
Permanent appropriation.....	132,947,728	125,000,000	-7,947,728
Less transfer to "National School Lunch Act".....	-75,000,000	-75,000,000	--
Total available for Section 32 purposes.....	57,947,728	50,000,000	-7,947,728
National School Lunch Act.....	75,000,000	75,000,000	--
Marketing Services:			
Market news service...	1,817,080	1,821,000	+3,920
Market inspection of farm products.....	796,500	760,000	-36,500
Marketing farm products.....	1,171,725	1,102,500	-69,225
Tobacco Acts.....	1,625,760	1,602,000	-23,760
Cotton Statistics, Classing, Standards and Futures Acts....	1,491,745	1,658,000	+166,255
Marketing Regulatory Acts.....	3,380,790	3,412,000	+31,210
Total, Marketing Services.....	10,283,600	10,355,500	+71,900
Total.....	375,118,828	490,355,500	+115,236,672

(Continued on next page)

Item	Total anticipated available, 1949 a/	Budget estimates, 1950	Increase (+) or decrease (-)
Deduct:			
Permanent appropriation available:			
Exportation and domestic consumption of agricultural commodities (Sec. 32 funds)	-132,947,728	-125,000,000	-7,947,728
Anticipated supplemental estimate.....	-9,734,500	—	+9,734,500
Total, direct annual appropriation or estimate.....	232,436,600	365,355,500	+132,918,900

- a/ Adjusted for comparability with the appropriation structure proposed in the 1950 Estimates. Amounts shown include anticipated supplemental for Pay Act costs.
- b/ Includes anticipated supplemental of \$3,239,700 for Pay Act costs and additional administrative expenses incident to increased price support activities in fiscal year 1949.
- c/ For formulating and administering additional acreage allotment and marketing quota programs.

COMMODITY CREDIT CORPORATION

Introduction

The primary purpose of the Commodity Credit Corporation is that of stabilizing, supporting, and protecting farm income and prices; of assisting in the maintenance of adequate supplies of agricultural commodities and of facilitating the orderly distribution thereof. The Federal Charter confers upon the Corporation authority which will permit it to continue the type of programs previously carried out under the Delaware Charter. In addition, the Congress in enacting Title II of the Agricultural Act of 1948 established long-range postwar price support policies which will become effective January 1, 1950, and under which the Corporation will operate its price support program after that date. Title I of the same Act continued, with some modifications, the present price support policies through the calendar year 1949 in the case of non-basic commodities and through June 30, 1950 in the case of basic commodities and wool.

This legislation makes it mandatory that the Corporation continue to support the price of basic commodities (corn, cotton, peanuts for nuts, rice, tobacco, and wheat) at a minimum level of 90 percent of parity through June 30, 1950. The same support level is required on certain non-basic commodities (milk and its products, hogs, chickens, and eggs) through the calendar year 1949. The price of wool is to be supported through June 30, 1950 at the price it was supported during 1946. The Corporation is authorized to support prices to producers through loans, purchases, or other operations and utilizes different methods of supporting prices of different commodities based on normal trade practices, perishability of the commodity concerned and other similar practices. The Corporation is using its funds and authorities to effectuate the purpose for which it was created. On the basis of the assumptions outlined below, it is not now anticipated that the prices of any commodities other than those specifically mentioned in the budget document and discussed in these notes will have to be supported. However, the Corporation is required under Section 1(b) of the Agricultural Act of 1948 to support the prices of all Steagall commodities (estimates are included in the budget on all of these commodities except hogs). In addition, congressional policy has been expressed that operations of the Department of Agriculture should be carried out so as to bring the price and income of the producers of non-basic commodities to a fair parity relationship with other commodities to the extent that funds for such operations are available. If unfavorable conditions should develop, the Corporation might carry out operations on commodities not now listed in the budget. On the other hand, the strengthening of the position of any commodity could similarly make it unnecessary to carry out any operations with respect to that commodity.

The Charter of the Corporation authorizes it to purchase agricultural commodities for sale to other government agencies, foreign governments, and domestic, foreign, or international relief or rehabilitation agencies and to meet domestic requirements. Under these authorities the Corporation has purchased on a reimbursable basis food, food products, and other agricultural commodities to meet governmental and foreign requirements and has purchased agricultural commodities and food grown in foreign countries to meet the needs of this country and other foreign claimants.

Supply operations are expected to be substantially decreased below the 1948 level. This is based on the assumption that foreign production will continue to improve and that commodities acquired under price support operations will be used to the maximum extent possible in meeting export needs.

Public Law 395, approved December 30, 1947, authorizes the Corporation to carry out projects to stimulate and increase the production of foods, agricultural commodities, and products thereof, in non-European foreign countries. It further provides that programs developed be first submitted to Congress and operations may be initiated if such programs are not disapproved by concurrent resolution of Congress within 60 days thereafter. No expansion of operations under this authority is anticipated at this time.

It is anticipated that the only activity which will be carried out under the Commodity Export Program during the fiscal year 1950 will involve cotton. The extent of this operation will depend largely upon the quantity of cotton in the Corporation stocks.

In addition to the above, loans are made to the Secretary of Agriculture to assist in carrying out the Agricultural Conservation Program in accordance with the provisions of the Agricultural Adjustment Act of 1938.

The management of the Corporation is vested in a Board of Directors consisting of five members. The Secretary of Agriculture is a member and the chairman of the Board and the remaining members are appointed by the President by and with the advice and consent of the Senate. Responsibility for the day-to-day conduct of the business of the Corporation is vested in a staff of executive officers, headed by a manager appointed by the Board and responsible to it. The activities of the Corporation are carried out primarily through the facilities of the Production and Marketing Administration of the United States Department of Agriculture on a reimbursable basis.

Basic Assumptions in the Estimates

In preparing the estimates for the fiscal year 1950 certain basic assumptions have been made as follows:

1. National income and industrial activity will remain high and very close to the 1949 levels.
2. Production in 1949 will continue above prewar levels but that crops will be "normal" (i.e., in line with the average yields in the last few years), rather than the exceptionally high yields comparable to those achieved in the 1948 crop.
3. Domestic demand for agricultural commodities will remain high but shifts in demand for specific commodities will be apparent.
4. Agricultural prices, due to high levels of production in 1948 and normal production in 1949 will trend slightly downward.
5. Parity prices will decrease slightly below the 1948 level.

6. The European Recovery Plan will continue thus making funds available to finance substantial exports of foods and agricultural products.
7. Agricultural production in foreign countries will continue to increase but will be from 5-10% below pre-war levels in 1949.
8. Foreign demand for United States farm products will decrease slightly below 1948 levels.
9. Procurement of foreign commodities to meet limited domestic and foreign needs will continue.

Program Operations

The budget of the Corporation for the fiscal year 1950 is based on five types of programs carried out under its charter and other legislative authorities. These types of programs are:

1. Price support.
2. Supply.
3. Foreign purchase.
4. Commodity export.
5. Loans to the Secretary of Agriculture for agricultural conservation purposes.

The following summaries cover the various operations which the Corporation anticipates it will be required to carry out during the fiscal year 1950; each operation is designed to supplement and is a part of one of the above five types of programs. Generally it should be noted that any variations from the conditions assumed will result in changes in the volume and character of operations thereby making these estimates subject to change as is indicated on a number of the following notes as in the case of corn, cotton, etc.

In each instance, the amount of funds is given which was used to carry out the operation during the fiscal year 1948 and the funds which will be required during the fiscal years 1949 and 1950 on the basis of program estimates included in the 1950 budget. The actual gains or losses resulting from each operation during the fiscal year 1948 and estimated gains or losses for the fiscal years 1949 and 1950 are shown. When operations are anticipated but no gains or losses are estimated, such fact is reflected by a "0". In those instances where no activity took place during the fiscal year 1948 or none is anticipated in the fiscal year 1949, such fact is indicated by "-".

A separate explanatory statement is not included under loans to the Secretary of Agriculture, which are made in accordance with Section 391(c) of the Agricultural Adjustment Act of 1938, as amended, since this program is fully described on pages 1236 and 1237 of the printed budget.

The financial statements and supporting schedules included in the budget furnish an analysis of each of the different types of operations carried out by the Corporation. Schedule B-1, Part 2, summarizes all income and expense elements distributed by individual commodities and programs while schedule B-1

Part 1, summarizes all purchase and sales activities; and schedule C-2 reflects all loan operations. These schedules summarize all of the financial operations of the Corporation under each of the activities described in the following pages. An analysis of the actual losses and receipt and application of funds applicable to program operations, by programs, for the fiscal year 1948, and estimated for the fiscal years 1949 and 1950, appear in the attached summary statement of program operations.

PRICE SUPPORT PROGRAM, Basic Commodities

Corn

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of corn at 90 percent of parity at the beginning of the marketing year, to enable producers to retain stocks on farms for feeding purposes, and to promote orderly marketing.

Eligibility: Eligible participants are producers of 1948 crop corn. Eligible commodity is ear and shelled corn produced in 1948 which, except for moisture content, grades No. 3 or better (or No. 4 on test weight only). Shelled corn must contain not more than 13.5 percent moisture and ear corn must meet moisture requirements that insure safe storage.

Operations: Nonrecourse loans are available from harvest through June 30, 1949 (except in angoumois moth infestation areas, where the closing date is March 31, 1949) and may be obtained through private lending agencies or direct from the Corporation. Loan rates are equal to 90 percent of parity as of October 1, 1948. The national average loan rate is \$1.44 per bushel. Loans mature on September 1, 1949 or earlier on demand and bear 3 percent interest. Loans are made on a note-and-chattel mortgage basis.

Purchase agreements are offered to producers from harvest through June 30, 1949, except in areas where loans are not available and in areas infested with angoumois moth the availability expires March 31, 1949. Producers desiring to deliver corn to the Corporation under a purchase agreement must notify the local county agricultural conservation committee of his intention to sell within 30 days after the 1948 corn loans mature. Loans are not available in areas where farm storage is not feasible and in such areas a producer must exercise his option to sell within 30 days beginning June 1, 1949, or such earlier date as may be determined by the Corporation. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered. The purchase price will be the applicable settlement rate for comparable corn eligible for loans in areas where loans are available. In other areas the purchase price will be the established purchase agreement price.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713(a)); and section 8 of the Stabilization Act of 1942, as amended.

BASIS, 1950 ESTIMATE: This estimate is based on the assumption that corn will be planted on 87 million acres and that a crop of approximately 3,000 million bushels will be produced. This estimated production is about 650 million less than the estimated all-time high for the 1948 crop but is about 200 million bushels more than the 1937-46 average. Carryover stocks are estimated at 650 million bushels which will provide a total estimated supply of 3,650 million bushels in 1950. While feed requirements are expected to be somewhat greater in 1950 because of increased livestock numbers, it is anticipated that the large supply of corn will tend to keep farm prices at or near support levels. Based on these assumptions, it is estimated that 200 million bushels from the 1949 crop will be placed under loan and that loans on 50 million bushels will be repaid. Since the 1949 corn loans mature September 1, 1950, it is assumed that loans on 150 million bushels will be outstanding on June 30, 1950.

Delivery of collateral during fiscal year 1950 in settlement of loans made on the record 1948 crop is estimated to be 300 million bushels while deliveries under the purchase agreement operation are estimated at 25 million bushels. It is estimated that 100 million bushels of these stocks will be sold.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to finance operations...	\$1,577,401	\$579,600,000	\$378,800,000
Net gain or loss on operations	-27,029	400,000	200,000

Since the preparation of the budget estimate, indications are that exports may reach 200 million bushels. If exports should reach this amount, which is about 70 million bushels higher than have been exported during any other comparable period, acquisitions during fiscal year 1950 and CCC held stocks as of June 30, 1950 may be less than estimated at the time of preparing the budget.

Although the corn budget estimate reflects loans made on 200 million bushels during fiscal year 1950, this amount could increase substantially if production should approach the 1948 crop of 3,650 million bushels. Loans outstanding at the end of the fiscal year would then be considerably higher than the budget estimate of 150 million bushels.

PRICE SUPPORT PROGRAM, Basic Commodities

Cotton, Upland

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of cotton.

Eligibility: Any person is eligible for a loan on cotton produced in 1948 in the capacity of landowner, landlord, tenant, or sharecropper. The cotton tendered as security must be upland cotton of specified grades and staple lengths; must not be false packed, water-packed, reginned, or repacked, and must not have been classed as gin cut, oily, sandy, dusty, or seedy, or reduced in grade because of extraneous matter; must not be compressed to high density; must be free and clear of all liens and encumbrances except those in favor of the warehouse where the cotton is stored; must have been produced by person tendering for loan; and must be in bales of at least 300 pounds.

Operations: Nonrecourse loans are available from about August 1, 1948 through April 30, 1949, maturing July 31, 1949. Loans will be made to cotton cooperative associations on cotton covered by agreements dated prior to May 1, 1949. An interim loan on early harvested cotton was available through August 31, 1948 (the maturity date).

The average loan rate on regular loans for middling 7/8 inch cotton, gross weight, is 28.79 cents per pound (92½% of the August 1 parity of 31.12 cents per pound). The interim loan rate was 27.50 cents per pound for the same cotton at average location. Applicable premiums and discounts are established for other grades and staples. Interest is at the rate of 3 percent per annum.

Loans are made on warehouse-stored cotton secured by negotiable warehouse receipts, cotton represented by bills of lading, and on farm-stored cotton secured by a chattel mortgage. Lending agencies receive 1½% interest per annum on regular loans and must submit the loan documents to the Corporation within 15 days after the loans are made. The loan papers are held by the Corporation and, upon request of the lending agencies, Certificates of Interest for the value of the loans are issued to such lending agencies. If interim loans made by lending agencies were repaid to them, the lending agency retained full 3 percent interest; if not repaid, lending agencies tendered the notes between September 1 and September 15, 1948 for purchase by the Corporation at the face value plus 1½% interest.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713); section 8 of the Stabilization Act of 1942, as amended (15 U.S.C. App. 968); and section 302(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1302(a)).

BASIS, 1950 ESTIMATE: On December 1, 1948 the 1948 crop was estimated at 14.937 million bales (the largest since the 1937 crop of 18.946 million bales), an increase of 3.08 million bales over the 1947 crop of 11.857 million bales and 2.923 million bales over the 1937-46 average of 12.014 million bales. The budget estimate was based on 1949 crop production of around 14 million bales.

The August 1, 1948 carryover of all cotton in the United States was 3.082 million bales, the lowest since 1929 except in 1947 when the carryover was only 2.53 million bales. The 1946 carryover was 7.326 million bales, while the 1937-46 average carryover was 10.036 million bales.

The 1937-46 average disappearance was 12.23 million bales which includes exports, domestic consumption, and cotton destroyed. If a continuation of this average disappearance level is assumed, the carryover on August 1, 1949 would be 4.852 million bales (assuming a 14 million bale crop). It was estimated, however, when the budget was prepared that the disappearance level would be slightly higher in the fiscal year 1949 because of the following factors:

The 10-year average (1937-46) domestic consumption of cotton in the U.S. was 9.108 million bales, and indications pointed to consumption during 1948-49 of 9 million bales.

The 10-year average (1937-46) of cotton exports from the U.S. was 2.907 million bales; however, it was not believed that this period reflected normal exports of cotton as in at least 9 of these years the principal importers of American cotton were either at war or engaged in postwar adjustments. Exports during 1947-48 were only 1.968 million bales due largely to a lack of available financing in importing countries, generally disorganized conditions, and the use of reserve stocks on hand. Factors pointing to increased exports (estimated at 4 million bales) in 1948-49 were financing by ECA, low reserve stocks of American cotton in importing countries, improvement in general conditions of those countries, the fact that the price ratio between competing world growths was favorable to American cotton, and reduced supplies available for export in other cotton-producing countries. The 4 million bales is expected to consist of cotton needed for the ECA program, China, Japan and other occupied areas under the \$150,000,000 revolving fund, and exports to non-ECA countries.

1949-50 disappearance was estimated at the time the budget was prepared to be about 13.093 million bales.

Based on the above-mentioned factors it was estimated that new loans would be made on 5 million bales of the 1949 crop and repayments received on 2.196 million bales of that crop. Collateral acquired was estimated to increase from 28.7 thousand bales in the fiscal year 1949 to 1.5 million bales in 1950, while outstanding loans at the close of 1950 were estimated to increase from 2.5 million bales to 2.804 million bales.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to finance operations...	\$36,963,537	\$600,993,732	\$701,877,000
Net gain or loss on operations.....	437,527	-827,000	-867,000

These estimates are subject to change depending on parity, domestic market prices, the world cotton situation, and other factors.

Since preparation of the budget estimates, it appears likely that the 1949 crop will be 15 million bales instead of the estimated 14 million, due to increased plantings. With an increased carryover and a larger crop, it is believed that during the fiscal year 1949 loans may be made on 6.5 million bales of the 1948 crop instead of on 4 million bales and on 6 million bales of the 1949 crop in the fiscal year 1950 instead of the estimate of 5 million bales.

Loans outstanding at the end of the fiscal year 1949 on the 1948 crop are now estimated to be on 3 million bales instead of the present estimate of 2.5 million bales, and it is estimated that 2 million bales of this crop will be acquired as collateral in the fiscal year 1950 instead of the present 1.5 million bales.

Loans outstanding on the 1949 crop at the end of the fiscal year 1950 are now estimated to be on 4 million bales instead of the former estimate of 2.804 million bales.

PRICE SUPPORT PROGRAM, Basic Commodities

Peanuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of peanuts at 90 percent of parity as of the beginning of the marketing year, and to promote orderly marketing and stabilize prices.

Eligibility: Eligible commodity is peanuts of the 1948 crop.

Eligible participants under the 1948 crop operations are producers and dealers (crushers, shellers, warehousemen, etc.) who have executed a contract with the Corporation which provides that the dealer pay producers support prices for peanuts purchased.

Operations: Nonrecourse loans are available to producers, directly and through lending agencies, on the security of negotiable warehouse receipts representing peanuts stored in approved warehouses. Loans are available to producers from August 1, 1948 through January 31, 1949, maturing February 1, 1949, or earlier on demand. The support rate averages about 11 cents per pound for farmers' stock peanuts. Interest will be at the rate of 3 percent per annum.

Purchases will be made from producers between August 1, 1948 and June 30, 1949, at points designated by the Corporation where storage facilities are available. Purchases of farmers' stock peanuts at support levels may be made from eligible dealers between December 1, 1948 and April 30, 1949. No. 2 quality shelled peanuts will be purchased from eligible dealers at a price the Corporation would be required to pay for a like quantity of sound mature kernels in farmers' stock peanuts, and the Corporation will pay for other kernels their crushing value.

Lending Agency Agreements with private banks have been established to enable dealers to finance their purchases of peanuts at not less than support prices. Under the agreements the Corporation will purchase the notes and collateral if requested to do so by the banks. If a dealer is unable to make financial arrangements through a lending agency, the Corporation will make direct loans to the dealer. The interest rate on both types of loans is 3% per annum. The Corporation receives one-half of the interest collected on loans made through lending agencies.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraphs (b), (d), (f), and (i); CCC Charter Act (P. L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended, (15 U.S.C. 713, Sup. V); section 8 of the Stabilization Act of 1942, as amended (15 U.S.C. App. Sup. V, 968); section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. Sup. V, 713a-8(a)); and section 1(b) of P. L. 897, 80th Congress.

BASIS, 1950 ESTIMATE: The budget estimate is based on an anticipated crop of 787,650 tons which is a decrease of 346,405 tons from the 1948 crop production. This decreased production is based on an estimated acreage quota of 2,225,000. It is estimated that the Corporation will be required to purchase 75,000 tons of farmers' stock peanuts from growers who are unable to market their peanuts at or above support levels. It is also estimated that 40,000 tons of No. 2 shelled peanuts will be purchased from dealers. Stocks purchased will be sold to shellers, used for export, and the lower quality peanuts will be sold to processors for crushing into oil and meal. Losses from sales to processors are estimated to be \$2,450,000. It is expected that loans will be made to dealers under lending agency agreements on approximately 250,000 tons of farmers' stock peanuts and that all loans will be repaid in full.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations...	\$89,522,256	\$136,300,000	\$80,910,000
Net gain or loss on			
operations.....	-2,781,330	-7,970,000	-2,450,000

Since the preparation of this estimate a marketing quota of 850,000 tons of 1949 crop peanuts and a national allotment of 2,628,970 acres has been announced. This marketing quota exceeds the estimated production used in formulating the budget estimate by 62,350 tons. With this increased production the Corporation may be required to purchase larger quantities than now reflected in the budget estimate and losses in disposing of increased acquisitions may exceed the budgeted loss of \$2,450,000.

PRICE SUPPORT PROGRAM, Basic Commodities

Rice

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of rice at 90% of parity as of the beginning of the marketing year and to promote orderly marketing.

Eligibility: Eligible commodity is 1948-crop rough rice and must grade U. S. No. 4 or better, having a head rice yield of not less than 25 pounds per 100 pounds of rough rice, and must contain not more than $14\frac{1}{2}$ percent moisture (not more than 15 percent in California). Eligible participants are producers and associations of producers of 1948-crop rice.

Operations: Nonrecourse loans are available from harvest through January 31, 1949 and will mature April 30, 1949, or earlier on demand. Loans are made on a note-and-~~chattel~~ mortgage basis for rice stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses. Loans may be obtained from approved lending agencies or direct from the Corporation. Interest on loans is at the rate of 3 percent per annum. Loan rates are established at levels reflecting to producers 90 percent of parity as of August 1, 1948. The national average loan rate is about \$4.08 per cwt. Premiums and discounts will apply for the various varieties, grades, and milling qualities. No storage payment will be made on farm-stored rice and all charges on warehouse-stored rice must be prepaid through April 30, 1949.

Purchase agreements will be offered to producers from harvest through January 31, 1949. Producers desiring to deliver rice to the Corporation under a purchase agreement must notify the local county agricultural conservation committee of his intention to sell within 30 days after the 1948 rice loans mature. The producer will not be obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered. The purchase price will be the applicable settlement rate for comparable rice eligible for loan.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713(a), Sup. V); section 302(a) of the Agricultural Adjustment Act of 1938, as amended; and section 8(a) of the Stabilization Act of 1942, as amended.

BASIS, 1950 ESTIMATE: The budget estimate is based on the assumption that rice will be planted on 1.7 million acres and that a crop of approximately 78 million bushels will be produced. This estimated

production is about 26 percent higher than the 1937-46 average. World exportable surpluses of rice in 1947 approximated only 30 percent of prewar levels and exportable surpluses in 1948 are expected to be about 40 percent of the prewar average. Despite the gain over 1947, total availabilities of the higher quality rice are not expected to increase sufficiently by 1950 to meet world requirements. It is assumed that world prices of the higher quality rice will be above U. S. support levels during fiscal year 1950, resulting in loans being required for only 500,000 cwt. of such rice with all loans redeemed during the fiscal year. These loans will enable producers to hold their rice for normal seasonal increases. Since markets are not readily available for low quality domestic rice which meets minimum price support requirements, it is assumed that 2 million cwt. of such rice will be delivered to the Corporation toward the end of the fiscal year under the purchase agreement operation. Sales during fiscal year 1950 represent disposition of carryover stocks from fiscal year 1949.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations...	-	\$10,075,000	\$11,975,000
Net gain or loss on			
operations	-	0	0

If world rice production exceeds present expectations, market prices for higher quality rice might be depressed below support levels. In this event larger quantities of eligible rice might be placed under loan and the Corporation might acquire considerable stocks through forfeiture of loan collateral and deliveries under the purchase agreement operation.

PRICE SUPPORT PROGRAM, Basic Commodities

Tobacco

SUMMARY OF LATEST OPERATIONS:

Objective: To support the average prices received by growers at statutory minimum levels.

Eligibility: Eligible tobacco for loan is that of the 1948 crop. Eligible borrower is any farmer-cooperative or other responsible organization under contract with the Corporation.

Operations: Nonrecourse loans are offered at a rate for each type and grade of tobacco which will provide price support for the cooperating producers at 90 percent of parity as of the beginning of the marketing year (June 15 parity for flue-cured and September 15 for other), except in the case of fire-cured and dark air-cured tobacco the rates are 75 percent and 66 2/3 percent, respectively, of the burley rate.

Loans are available from the beginning of the marketing year until January 31, 1949 on flue-cured; until April 30, 1949 on burley and dark air-cured; until May 15, 1949 on fire-cured; until July 31, 1949 on cigar filler and binder types; and until September 30, 1949 on Maryland and Puerto Rican. All loans mature January 1, 1951 unless the maturity date is extended by the Corporation, and are due and payable on demand. Interest is at the rate of 3 percent per annum.

Loans are made through grower cooperative associations or other responsible organizations which act for growers in receiving, handling, and selling their tobacco.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 8 of the Stabilization Act of 1942, as amended (50 U.S.C., 1946 ed., App. § 968); and section 2 of the Act of July 28, 1945 (7 U.S.C., 1946 ed. § 1312n).

BASIS, 1950 ESTIMATE: The 1947 crop production was 2,131 million pounds; the 1948 crop production is estimated (December 1) at 1,923 million pounds, and 1949 crop production is estimated at 2,000 million pounds. All these estimates include Puerto Rican tobacco.

About 600 million pounds of tobacco of the 1946 and 1947 crops were placed under loan, largely as a result of the shortage of dollar exchange which prevented normal exports. This situation has improved somewhat due to the European Recovery Program. Repayments during the latter part of fiscal year 1948 were substantial. Due to improvement in the export situation, it is expected that movement of tobacco will absorb most of the present loan stocks during the fiscal year 1949 and the remaining stocks during the fiscal year 1950.

It is estimated that about 220 million pounds of the 1948 crop (and 12 million pounds of the 1947 crop) will be taken under loan in 1949 and only 200 million pounds of the 1949 crop will be taken under loan in 1950. These estimates are based on the assumption that stocks which would ordinarily be bought up by dealers will move into loan because of unsettled world conditions and the relatively high general price levels. Under this situation the tobacco trade may not assume customary inventory risks which will result in the government holding a part of the stocks which would otherwise be normal inventories held by the trade.

Repayments on the 1948 and 1949 crops are based on the assumption that demand will continue at current levels and that production and demand will be in balance. The export situation, however, depends largely on needs of the European Recovery Program and expected improvements in foreign trade.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations...	\$124,159,269	\$106,010,000	\$91,000,000
Net gain or loss			
on operations.....	4,763,799	-3,600,000	-1,150,000

PRICE SUPPORT PROGRAM, Basic Commodities

Wheat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of wheat at 90 percent of parity as of the beginning of the marketing season and to promote orderly marketing.

Eligibility: Eligible commodity is wheat produced in 1948 and grading U.S. No. 3 or better, or grading U.S. No. 4 or No. 5 because of test weight only. Eligible participants are producers of 1948-crop wheat.

Operations: Nonrecourse loans were available from harvest through December 31, 1948 and will mature April 30, 1949, or earlier on demand. Loans were made on a note-and-chattel mortgage basis for wheat stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses. Loans could be obtained from approved lending agencies or direct from the Corporation. Interest is at the rate of 3 percent per annum. County and terminal rates were established at levels reflecting to producers 90 percent of parity as of July 1, 1948. The national average level of support to farmers was \$2.00 per bushel on the 1948 crop. A storage payment of 7 cents per bushel will be paid to the producer on farm-stored wheat (1) if the wheat is delivered to the Corporation on or after April 30, 1949, or (2) if the loan is called by the Corporation prior to April 30, 1949. If approved delivery is made prior to April 30, 1949, the amount of storage payment will depend upon the length of time the wheat is in storage.

Purchase agreements were offered to producers from harvest through December 31, 1948. Producers desiring to deliver wheat to the Corporation under a purchase agreement must notify the local county agricultural conservation committee of his intention to sell within 30 days after the 1948 wheat loans mature. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered. The purchase price will be the applicable settlement rate for comparable wheat eligible for loan.

Direct purchases from producers could be made in South Carolina and Georgia at prices equal to the applicable loan rates for such wheat in North Carolina. This operation was offered from harvest through December 31, 1948, due to the inability of the Corporation to make loans in those States because of the lack of suitable storage facilities.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713(a), Sup. V); and section 8 of the Stabilization Act of 1942, as amended.

BASIS, 1950 ESTIMATE: This estimate is based on the assumption that wheat will be planted on 79 million acres and that a crop of approximately 1,200 million bushels of wheat will be produced. This production plus estimated carryover stocks of 250 million bushels will provide available supplies of 1,450 million bushels for the fiscal year 1950. It is estimated that domestic consumption will be approximately 700 million bushels during the fiscal year 1950; exports are estimated to be 450 million bushels; it is also estimated that commercial channels and producers will hold approximately 127.5 million bushels as of June 30, 1950. Thus, it is estimated that the supply will exceed available outlets by approximately 172.5 million bushels. Since it is anticipated that markets will not be available at support prices for the 172.5 million bushels it is assumed that the full amount will be delivered to the Corporation toward the end of the fiscal year under the purchase agreement operation and in settlement of loans. Total loans are expected to be made on 307.5 million bushels with 190 million bushels redeemed during the fiscal year. Sales during fiscal year 1950 represent disposition of carry-over stocks acquired during fiscal year 1949.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations...	\$63,762,795	\$887,100,000	\$776,300,000
Net gain or loss			
on operations	-11,727	235,000	200,000

Crop reports released since the preparation of the budget estimate indicate a 1949 crop of 1,300 million bushels and a carry in of 260 million bushels. This total estimated supply is 110 million bushels higher than that used in formulating the budget estimate. The increased supply is partially offset by anticipated increases in exports of 75 million bushels and domestic consumption of 10 million bushels. Carry-out stocks would be 325 million bushels which is 25 million bushels more than anticipated at the time of preparing the budget estimate. If producers or commercial channels do not hold this additional amount and if exports should be below 525 million bushels, stocks held by the Corporation on June 30, 1950 may be considerably in excess of the present budget estimate.

Although the wheat budget estimate reflects loans made on 307.5 million bushels during fiscal year 1950, this amount could increase substantially if production reaches or exceeds the present estimate of 1,300 million bushels. Estimated stocks of 172.5 million bushels held by the Corporation on June 30, 1950 may be exceeded if loans in excess of the present budget estimate are not redeemed and if purchase agreement deliveries are greater than the present estimate of 55 million bushels.

PRICE SUPPORT PROGRAM, Steagall Commodities

Beans, Dry Edible

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of dry edible beans at 90 percent of parity as of the beginning of the marketing season, and to promote orderly marketing.

Eligibility: To be eligible for loans, beans must be sound, whole dry, edible beans of 1948 crop containing not more than 18 percent moisture, and after deductions of foreign material containing not more than 10 percent of other defects. Beans delivered in settlement of loans or under a purchase agreement must grade U.S. No. 2 or better, be packed in suitable 100-pound bags, and be delivered f.o.b. track or assembly point as specified by the Corporation. If beans delivered do not meet these requirements, the settlement value will be determined by the Corporation. Eligible participants are producers and associations of producers of 1948-crop dry edible beans.

Operations: Nonrecourse loans are available from harvest through February 28, 1949, maturing April 30, 1949, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for farm-stored beans and on a note-and-loan agreement basis for warehouse-stored beans. The loan rate is \$5.00 per cwt. for sound, whole, dry edible beans. Settlement will be made on beans delivered in satisfaction of loans at support price rates, taking into account differentials between classes, grades, and locations. The support prices for U.S. No. 1 beans, cleaned and bagged, f.o.b. country shipping points, range from \$7.70 to \$9.95 per cwt., according to class. Farm storage and warehouse loans may be made at full support value where the Corporation is fully protected against quantity and quality risks. Loans may be obtained from approved lending agencies or direct from the Corporation. Interest is at the rate of 3 percent per annum. No storage payment will be made on farm-stored beans, and in the case of warehouse-stored beans, all unpaid warehouse charges will be deducted from the support-price payment at the time of settlement.

Purchase agreements will be offered to producers from harvest through February 28, 1949. Producers desiring to deliver beans to the Corporation under a purchase agreement must notify the local county agricultural conservation committee of his intention to sell within 30 days after the 1948 bean loans mature. The producer will not be obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered. The purchase price will be the applicable settlement rate for comparable beans eligible for loan.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713(a)); section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8(a)); and section 1(b) of P.L. 897, 80th Congress.

BASIS, 1950 ESTIMATE: This estimate is based on an anticipated planted acreage of 1.8 million which will produce an estimated 17.5 million cwt. bags of beans (uncleaned basis). This production is slightly larger than the 1937-46 average. Although the level of support has not yet been determined for the 1949 crop, it is assumed that the market price will be substantially above the established support level. For this reason, it is estimated that loans will only be made on 1 million cwt. and that all loans will be redeemed during the fiscal year. No deliveries are anticipated under the purchase agreement operation. Sales estimated during the fiscal year 1950 represent disposition of carryover stocks from fiscal year 1949.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations.....	\$5,566	\$6,331,000	\$6,711,000
Net gain or loss			
on operations.....	10	1,000	1,000

PRICE SUPPORT PROGRAM, Steagall Commodities

Chickens, Dressed

No price support operations are now in effect. A public announcement was made that price support purchases would be made during the heavy marketing seasons of 1947 and 1948 if such purchases were necessary. Since prices have remained well above support level, no purchases were made during 1947 or 1948. It does not appear, at this time, that it will be necessary to support the price of poultry other than chickens and turkeys during calendar year 1950. However, if it should develop that support operations are necessary, such operations will be carried out by the Corporation as provided in the Agricultural Act of 1948. Provisions of the latest approved operations for chickens were as follows:

SUMMARY OF LATEST ANNOUNCEMENT:

Objective: To support the price of live chickens.

Eligibility: Eligible participants were dealers, processors, and cooperative organizations who certified that producers had received an average of not less than announced support prices for live poultry.

Eligible commodity was frozen New York dressed chickens grading Tentative U. S. Grade B or better.

Operations: The purchase price was established at 90% of parity as of August 15, 1947, for the purchasing period September 1, 1947 through March 31, 1948. Purchase prices for dressed fowl were 26 cents a pound for light weights and 31 cents a pound for heavy fowl. A margin of 11 cents a pound between the farm price for live fowl and box-packed dressed birds was allowed.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713, Sup. V); section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8(a), Sup. V); section 21(c) of the Surplus Property Act of 1944 (50 U.S.C. App. 1630 (c)).

BASIS, 1950 ESTIMATE: This estimate is based on the assumption that low feed prices, continued shortage of red meat, and relatively high egg prices will encourage a substantially larger hatch in the spring of 1949 than a year earlier. Marketings of chickens from this larger production will occur during the first half of fiscal year 1950, which is about the time red meat supplies are expected to increase. Producer prices may fall to levels which will necessitate the purchase of about 5 million pounds of dressed chickens in order to support the price.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to:			
finance operations....	-	-	\$1,400,000
Net gain or loss			
on operations.....	-	-	0

PRICE SUPPORT PROGRAM, Steagall Commodities

Cotton, American-Egyptian

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of American-Egyptian cotton.

Eligibility: Any person producing American-Egyptian cotton in 1948 in the capacity of landowner, landlord, tenant, or sharecropper is eligible for loans on American-Egyptian cotton produced in 1948.

Operations: Nonrecourse loans are available from September 8, 1948 through April 30, 1949 and will mature July 31, 1949 or earlier on demand. Loans are made to producers and cotton cooperative marketing associations on 1948-crop American-Egyptian cotton stored in approved warehouses and represented by negotiable warehouse receipts and on farm-stored cotton secured by chattel mortgage.

Loans may be obtained through banks and others acting as lending agencies, as well as direct from the Corporation. Interest is at the rate of 3 percent per annum. Lending agencies may carry their investments in the loans at an interest rate of 1 1/2 percent per annum.

The average loan rate for all qualities of American-Egyptian cotton of the 1948 crop, based on the average quality of the crops from 1943 through 1947, is 58.37 cents per pound (90 percent of the August 1, 1948 parity price of 64.86 cents per pound). The loan rate for the basic quality (grade No. 2, 1 1/2 inches staple length) is 61.10 cents per pound. A location differential of 25 points (.25 cents per pound) has been established between the Arizona-California area and the West Texas-New Mexico area (61.10 and 61.35 respectively for basic quality) to reflect differences in transportation costs from the area of production to Southeastern and New England mill points.

The cotton must be classed by a Board of Cotton Examiners of the USDA except that loans to associations may be made on the basis of the association's classification, subject to classification by a Board of Cotton Examiners if the cotton is not redeemed, provided the associations furnished a bond to the Corporation to guarantee it no loss because of the difference in classifications.

Authority: CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); and section 1(b) of P.L. 897, 80th Congress.

BASIS, 1950 ESTIMATE: Production of American-Egyptian cotton, which was greatly expanded to meet war-time needs, declined sharply after the war and is expected to be about 1,000 bales in the 1949 crop year compared to an estimated 3,000 bales (December 1, 1948 estimate) in the 1948 crop year. Owing to the small demand for this type of cotton and the relative prices of other cotton, it is anticipated that new loans will be made in 1950 on 500 bales of the 1949 crop with repayments on 300 bales, leaving loans outstanding on 200 bales of the 1949 crop at the close of the fiscal year 1950.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations.....	\$129,202	\$484,638	\$120,000
Net gain or loss			
on operations.....	6,578	0	0

PRICE SUPPORT PROGRAM, Steagall Commodities

Dairy Products

Since the prices of whole milk and butterfat average above the required support level, no price support operations were necessary during the first half of the fiscal year 1949. Prices declined during that period, however, and support activities may be necessary in the last half of the fiscal year when dairy production will increase seasonally. A description of the last support program, which was carried out through price support purchases of nonfat dry milk solids from March 1947 through August 1947, follows:

SUMMARY OF LATEST OPERATIONS:

Objective: To support returns to producers for milk and butterfat.

Eligibility: Eligible participants were nonfat dry milk manufacturers and handlers located in the continental United States. Eligible commodity was nonfat dry milk.

Operations: Purchases in the continental United States were authorized for not to exceed 250 million pounds of nonfat dry milk, in carlots, at prices not to exceed 10 cents per pound for spray process and 9 cents per pound for roller process. Purchase contracts were dated after March 6, 1947, but not later than August 31, 1947 and provided for delivery not later than October 31, 1947. Purchases were limited to nonfat dry milk packed in export containers. The supplies acquired were available for disposition through domestic marketing, Section 32 programs, foreign governments, other export outlets, or governmental agencies. All of the supplies were disposed of in export outlets.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); section 4(a) of the Act of July 1, 1941, as amended, (15 U.S.C. 1940 ed. (Sup. V, 713a-8)); and section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713(a)).

BASIS, 1950 ESTIMATE: An increase in feed grain supplies may result in some increase in milk production during the fiscal years 1949 and 1950. Price support operations for milk and butterfat may be necessary to carry out the support requirements in 1949. Since the decline in dairy products prices from July to December 1948 resulted in unprofitable commercial storage operations, the trade may be reluctant to store dairy products in the 1949 spring and summer months of seasonally large production except at sharply lower prices. Depletion of the current fiscal year's funds and uncertainties regarding the availability of funds beyond June 30, 1949, for the UN Children's Fund, Army feeding in occupied areas and ECA programs also may contribute to a further price decline during the 1949 flush production period. Thus it is estimated that the Corporation may be required to purchase 50 million pounds of nonfat dry milk in 1949 and 100 million pounds in 1950.

In the event of an increase in milk production, an end to the UN Children's Fund on June 30, 1949, and curtailment of other exports, limited price supports may also be necessary in the fiscal year 1950 for other dairy products and estimates are included for purchases of 87 million pounds of evaporated milk or equivalent quantities and values of other dairy products (other than nonfat dry milk) during the fiscal year 1950.

The dairy products purchased may have to be disposed of in part for Section 32 domestic uses and in part to export outlets as provided by Sec. 112(e) and (f) of the Foreign Assistance Act of 1948.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations.....	\$9,233,951	\$7,750,000	\$26,800,000
Net gain or loss			
on operations.....	415,987	0	0

PRICE SUPPORT PROGRAM, Steagall Commodities

Eggs

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of shell eggs, and to assist in the adjustment of production to peacetime needs.

Eligibility: Eligible commodity is shell, frozen or dried eggs.

Eligible vendors are producers, cooperative organizations and dealers (including processing firms). Vendors other than producers are eligible only if they certify that an average price at least equal to a price specified by the Corporation has been paid to all producers delivering edible eggs averaging 1 1/4 pounds per case.

Operations: Support purchases will be made from January 1 through December 31, 1948 at prices designed to reflect a national average farm price to producers equal to at least 90 percent of parity. Purchases will be made on an offer and acceptance basis. Shell eggs may be converted to frozen or dried form, and frozen eggs may be converted to dried form. Eggs acquired may be disposed of by sales for export, by transfer to Section 32 and National School Lunch programs, by sales domestically through commercial trade channels, or by sales to other governmental agencies.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P. L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 1, 1935, as amended (15 U.S.C. 713(a)); section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8(a), Sup. V); section 1(b) of P. L. 897, 80th Congress; section 2 of the Act of April 12, 1945 (59 Stat. 50); and section 21(c) of the Surplus Property Act of 1944 (50 U.S.C. 1630(c), Sup. V).

BASIS, 1950 ESTIMATE: With prices of eggs maintained at or above 90 percent of parity during the spring of 1949, producers will be encouraged to maintain current levels of production of hens and pullets for flock replacement and about 5,209 million dozen eggs will be produced. If we assume a disappearance of 400 million dozens for military, commercial exports and hatching, the indicated level of production would provide for about 381 eggs per civilian consumer. Consumers will probably use only about 372 eggs per person (4,690 million dozens) if prices are maintained at the present support level of 90% of parity. Based on these assumptions, a surplus of 120 million dozen eggs (4 million cases) will be produced. It will be necessary to purchase this amount for diversion

to other than the shell egg market in order to support the price during fiscal year 1950 at 90% of parity. It is probable that considerably fewer eggs will need to be purchased if the level of support in the spring of 1950 is dropped below the present support level of 90% of parity.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations	\$30,135,155	\$53,850,000	\$46,100,000
Net gain or loss on			
operations	11,247,842	-24,948,000	-18,894,000

PRICE SUPPORT PROGRAM, Steagall Commodities

Flaxseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of flaxseed.

Eligibility: Eligible flaxseed is that produced in 1948 and grading U. S. No. 1 or 2. Linseed oil may be purchased from processors. Eligible participants are producers and processors who have agreed to pay not less than support prices for all 1948 crop flaxseed purchased by them from producers.

Operations: Nonrecourse loans were available to producers, on a note-and-chattel mortgage basis for flaxseed stored on the farm, and on a note-and-loan agreement basis when stored in an approved warehouse. Loan rate was \$6.00 per bushel for U. S. No. 1 and \$5.95 per bushel for U. S. No. 2, at Minneapolis. Differentials were applied at other locations. Loans were available through October 31, 1948, in Arizona, California, and Texas, and through December 31, 1948, in all other states. Loans will mature on demand but not later than January 31, 1949, for Arizona, California, and Texas flaxseed and not later than April 30, 1949, for all other flaxseed. Loans were obtainable directly from the Corporation or through approved lending agencies. Interest is at the rate of 3 percent per annum. A storage allowance on a basis of 7 cents per bushel for farm-stored flaxseed will be made at time of delivery to the Corporation. The Corporation will assume accrued warehouse charges on flaxseed which is not redeemed by the producer.

Purchase agreements were offered to producers from harvest through October 31, 1948, in Arizona, California, and Texas, and through December 31, 1948 in all other States. Producers desiring to deliver flaxseed to the Corporation under a purchase agreement must notify the local county agricultural conservation committee of his intention to sell within 30 days after the 1948 flaxseed loans mature. The producer is not obligated to sell any specified quantity; however, the amount specified in the agreement is the maximum quantity that may be delivered. The purchase price will be the applicable settlement rate for comparable flaxseed eligible for loan.

Purchase contracts may be executed with processors who agree to pay not less than support prices for all flaxseed purchased by them. This contract will be effective from the date of execution and will cover flaxseed purchased through May, 1949. The Corporation will purchase linseed oil offered for shipment prior to July 1, 1949, at 26.7 cents per pound, Minneapolis basis, with differentials for other areas. The Corporation will purchase from the processor unsold flaxseed offered for shipment prior to April 30, 1949. The purchase price will be the support price, plus not more than 15 cents to cover shrinkage, in and out charges, and storage, plus the cash surrender value of such unexpired inbound freight as the Corporation may accept.

The Corporation will purchase flaxseed at support prices in cases where the seller is unable to secure support price through normal channels. Purchases of this nature will not be made after the maturity date of the loans.

Commodities acquired may be used to meet export and domestic requirements.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. 713(a), 8(a), Sup.V); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713, Sup. V); and section 1(b) of the Agricultural Act of 1948 (Public Law 897, 80th Congress.)

BASIS, 1950 ESTIMATE: The budget estimate is based on an anticipated supply of 45 million bushels of flaxseed consisting of carryover stocks in the form of linseed oil and flaxseed of 18.3 million bushels and a new flaxseed crop of 26.7 million bushels. This supply is about equal to the 1937-46 average supply but is approximately 20 million bushels less than the 1948 supply. The support level for the 1949 crop has been announced as not less than 90 percent of parity and it is assumed that the market price during fiscal year 1950 will exceed this level. It is estimated that price support loans will be made on 1 million bushels of flaxseed with the full amount being redeemed during the fiscal year. These loans will enable producers to hold their flaxseed for normal seasonal increases. No purchases of either flaxseed or linseed oil are anticipated. Estimated losses for fiscal year 1950 are based on the assumption that 1948 carryover stocks will be sold at a reduced price.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations ...	\$4,510,088	\$208,148,635	\$4,009,000
Net gain or loss			
on operations	8,592	-30,701,300	1,000

The production of oil in the major world surplus oil-producing areas is still below prewar levels, however, production is increasing and prices are declining. If world prices for flaxseed and linseed oil should be below U.S. support levels in 1950 large domestic quantities may be delivered to the Corporation. In this event, considerable loss might be incurred in disposing of acquired stocks.

PRICE SUPPORT PROGRAM, Steagall Commodities

Hogs

The Secretary of Agriculture and later the War Food Administrator, pursuant to the provisions of the Steagall amendment, made public announcements August 29, 1941, January 15, 1942, November 28, 1942, September 8, 1943, and May 4, 1944, stating it was necessary to encourage the expansion of the production of hogs and that the price of hogs would be supported. Section 1(b) of Public Law 897, 80th Congress, extends support on hogs at 90% of parity to January 1, 1950. Accordingly, the price of hogs is to be supported until that date.

No price support operations are now (January 1949) in effect, and on the basis of the assumption that the European Recovery Program will be continued through the fiscal year 1950 with funds available, if necessary, for the purchase of low-priced pork products in this country, it is not anticipated that price support will be required in the remainder of the fiscal year 1949 nor in 1950.

Current (January 1949) prices of hogs are considerably above the support level required by the Steagall amendment.

Should there be an appreciable decrease in demand from Europe through ECA, or otherwise for pork products in fiscal year 1950, it is possible that with an unusually large increase in the 1949 spring pig crop, funds might be needed to support hog prices.

SUMMARY OF LATEST ANNOUNCEMENTS:

Objective: To support the price of hogs and to encourage orderly production and marketing throughout the year.

Eligibility: Eligible participant is any hog producer. Eligible commodity is good and choice barrow and gilt butcher hogs sold to Federally-inspected slaughterers.

Operations: For purposes of price support, the hog marketing season was divided as follows: (1) April 1 through September 30, 1948--the fall pig marketing season, during which period the support price was based on parity as of March 15, 1948; and (2) October 1, 1948 through March 31, 1949--the spring pig marketing season, during which period the support price is based on parity as of September 15, 1948.

Detailed operating procedures for hog price support activity have not been formalized, but will be announced if it becomes necessary to carry out the required support.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713(a)); and Public Law 360 (80th Congress), approved August 5, 1947.

PRICE SUPPORT PROGRAM, Steagall Commodities

Peas, Smooth, Dry Edible

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of dry edible smooth peas at 90 percent of the comparable price as of the beginning of the marketing season, and to promote orderly marketing.

Eligibility: Peas eligible for loans are the following classes of 1948-crop dry edible smooth peas grading U.S. No. 2 or better and containing not more than 16 percent moisture: Alaska, Bluebell, Scotch Green, First and Best, Marrowfat, White Canada, and Colorado White.

Eligible participants are producers and associations of producers.

Operations: Nonrecourse loans were available from the beginning of the marketing year through December 31, 1948, maturing April 30, 1949 or earlier on demand. Loans were made on a note-and-chattel mortgage basis for farm-stored peas and on a note-and-loan agreement basis for warehouse-stored peas. Loan rates were \$3.25 per cwt. for Colorado White peas and \$3.50 per cwt. for all other eligible classes. Support rates, however, ranged from \$4.55 to \$4.80 per cwt. for U.S. No. 1's. Applicable differences between loan rates and support prices will be paid upon delivery of any commodity pledged to the Corporation under a loan agreement. Differentials will apply to the various classes and grades. Loans were obtainable through approved lending agencies or direct from the Corporation. Interest is at the rate of 3 percent per annum. No storage payment will be made on farm-stored peas and in the case of warehouse-stored peas, all unpaid warehouse charges, except receiving and loading out charges, will be deducted from the support price at time of delivery of the commodity and settlement of the loan.

Purchase agreements were offered to producers from harvest through December 31, 1948. Producers desiring to deliver peas to the Corporation under a purchase agreement must notify the local county agricultural conservation committee of his intention to sell within 30 days after the 1948 pea loans mature. The producer will not be obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered. The purchase price will be the applicable settlement rate of comparable peas eligible for loan.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713(a)); section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8(a)); and section 1(b) of P.L. 897, 80th Congress.

BASIS, 1950 ESTIMATE: This estimate is based on an anticipated 1949 crop production of 2.5 million cwt. bags of cleaned smooth peas. This is slightly less than the estimated 1948 production and approximately one-half of the 1947 production; however, over 2.5 million bags were exported from the 1947 crop. Due to the decreased foreign demand for peas and favorable crop prospects in Western Europe, it is assumed that not more than .5 million bags will be exported during fiscal year 1950. Since the production goals committee has recommended that the support level for the 1949 crop be established at 60 percent of parity, it is assumed that the market price will exceed this level, resulting in loan requirements for only 25 thousand bags. It is estimated that all loans will be repaid during the fiscal year. No deliveries are anticipated under the purchase agreement operation.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations...	-	\$87,500	\$87,500
Net gain or loss			
on operations.....	-	0	0

If export demand should fall to prewar levels, considerable quantities may be delivered to the Corporation under the purchase agreement operation and in settlement of loans.

PRICE SUPPORT PROGRAM, Steagall Commodities

Potatoes, Irish

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of potatoes; to promote maximum utilization of the crop and minimize waste and spoilage; and to encourage acreage adjustment.

Eligibility: Eligible participants are producers who have complied with their individual acreage goals; or persons other than producers, including contracting dealers and processors, who have paid not less than support prices to eligible producers.

Eligible potatoes are 1948-crop potatoes grown on goal acreage.

Operations: Purchases of 1948-crop potatoes in fresh or processed form will be made through June 30, 1949. Prices for fresh potatoes will be 90 percent of parity for U.S. No. 1 grade, and comparable prices for other grades or qualities. Allowance will be made for marketing services performed. Prices for processed potatoes or for processing will be determined on the basis of competitive bids or negotiations. Provisions are made for utilizing facilities of dealers and processors by means of dealer agreements and processor agreements. Potatoes may be disposed of by sales to programs under Section 32 and to U.S. Government agencies, by sale for export to foreign governments and their purchasing agents, by sales in domestic commercial channels, to manufacturers of potato products and for use as livestock feed.

Loans were made on late crop potatoes from September 15 through December 15, 1948. All loans will mature on demand but not later than April 30, 1949, and will bear 3 percent interest. Loans were obtainable directly from CCC or from lending agencies. Loan rates were at levels which reflected 75 percent of the September support price computed for bulk ungraded potatoes on the farm. Borrower may offer to sell loan collateral to CCC and apply proceeds of the sale on his loan.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713(a)); and section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8(a), Sup. V).

BASIS, 1950 ESTIMATE: Acreage goals for potatoes have been established at 1,938,300 acres, and the Department has announced that prices will be supported at 60 percent of parity in order to achieve a sizeable reduction in the 1949 crop. During the 1949 crop year (1950 fiscal year) it is expected that a crop of approximately 350 million bushels of potatoes can be marketed through commercial channels. The 1949 goal was established to produce 350 million bushels, but drastic acreage reductions will be necessary. In view of the large income that farmers received for potatoes from the 1948 crop, it is doubtful that a high degree of compliance with the 1949 goals will be secured. Although direct support will not be given to growers who do not comply with their individual acreage goals, the surplus potatoes produced by them will depress the market price and make it necessary for the Corporation to purchase a larger quantity of potatoes grown on goal acreage in order to support the price of eligible potatoes. It is estimated that production may be about 408 million bushels. This will be some reduction from the 445.8 million bushels estimated for 1948 and from the peak production of 484 million bushels in 1946, but will still represent a surplus of 58 million bushels (35 million hundredweight) which the Corporation will be required to purchase.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations....	\$86,144,156	\$189,025,000	\$80,340,000
Net gain or loss			
on operations.....	-34,554,809	-144,784,926	-58,580,000

If unusually good growing conditions prevail, as has been the case during the past few years, and if yields are appreciably higher than the estimated 186 bushels per acre (say as high as the 212.4 bushels per acre yield of 1948), the surplus during fiscal year 1950 will be greater than the present estimate, price support purchases could be larger than estimated, and losses would then be appreciably increased.

PRICE SUPPORT PROGRAM, Steagall Commodities

Potatoes, Sweet

SUMMARY OF LATEST OPERATIONS:

Objective: To provide price support for 1948 crop sweetpotatoes at 90 percent of parity as of the beginning of the marketing season.

Eligibility: Eligible participants are (1) growers, and (2) associations of growers and dealers who are certified as having agreed to pay growers not less than the applicable support prices or their equivalent for all sweetpotatoes purchased, and who are licensed under the Perishable Agricultural Commodities Act.

Sweetpotatoes grown in the Continental United States in 1948 are eligible for support.

Operations: Purchases will be made from September 1, 1948 through April 30, 1949, at prices sufficient to support prices to producers at 90 percent of the July 1, 1948 parity (an average of \$1.65 per bushel for U.S. No. 1, or better). Sweetpotatoes will be purchased f.o.b. cars or trucks in bulk or in new containers, in carlots or in trucklots. Sweetpotatoes acquired under this program may be sold to Section 32 programs and other U.S. Government agencies, for livestock feed or for processing, for export for foreign relief feeding, or into commercial channels.

Authority: CCC Charter Act (P.L. 806, 80th Congress), particularly sections 4(g) and 5(a); section 4(a) of the Act of July 1, 1941 (55 Stat. 498, as amended, 15 U.S.C. 713a-8(a)); and sections 1(b) and 2 of the Agricultural Act of 1948 (P.L. 897, 80th Congress).

BASIS, 1950 ESTIMATE: It is estimated that the 1949 crop of sweetpotatoes (for marketing in the fiscal year 1950) may exceed 60 million bushels. Although there would be apparent demand for this quantity of sweet potatoes, surpluses usually develop during the main harvesting period (September and October) because of local maladjustments between supplies and demands. Under these circumstances, it is assumed it will be necessary to purchase 1 million bushels of U.S. No. 1 grade and 1.5 million bushels of U.S. No. 2 grade. U.S. No. 1 sweetpotatoes suitable for fresh distribution will be sold into commercial channels. The U.S. No. 1 sweetpotatoes unsuitable for fresh distribution and the U.S. No. 2 grade sweetpotatoes will be sold in fresh or processed form for livestock feed, flour, or industrial uses.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations...	\$960,381	\$3,715,000	\$3,557,000
Net gain or loss			
on operations.....	-138,180	-1,363,000	-1,340,000

PRICE SUPPORT PROGRAM, Steagall Commodities

Soybeans

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of soybeans at 90 percent of the comparable price at the beginning of the marketing season and to promote orderly marketing.

Eligibility: Soybeans having a moisture content not in excess of 14 percent and grading No. 4 or better on all other factors are eligible.

Eligible participants are producers of 1948 crop soybeans.

Operations: Nonrecourse loans were available from harvest through December 31, 1948, maturing April 30, 1949, or earlier on demand. Loans were made on a note-and-chattel mortgage basis for farm-stored soybeans and on a note-and-loan agreement basis for warehouse-stored soybeans. The loan rate which averaged \$2.18 per bushel for green and yellow soybeans and \$1.98 for black, brown, and mixed varieties, was 90 percent of the comparable price as of September 1, 1948, for soybeans grading No. 2 and containing not more than 14 percent moisture. Premiums and discounts applied for other grades. Loans could be obtained directly from the Corporation or from approved lending agencies. Interest is at the rate of 3 percent per annum. A storage allowance of 7 cents per bushel for farm-stored soybeans will be made at time of delivery to the Corporation.

Purchase agreements were offered to producers from harvest through December 31, 1948. Producers desiring to deliver soybeans to the Corporation under a purchase agreement must notify the local county agricultural conservation committee of his intention to sell within 30 days after the 1948 soybean loans mature. The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered. The purchase price will be the applicable settlement rate for comparable soybeans eligible for loan.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended; and section 4(a) of the Act of July 1, 1941, as amended.

BASIS, 1950 ESTIMATE: The budget estimate is based on an anticipated 1949 crop of 197 million bushels which is about 23 million bushels less than the record 1948 crop. This production plus carry-in stocks of 4 million bushels will provide 187 million bushels for domestic uses, 10 million bushels for export, and leave a normal carryover of 4 million bushels. It is estimated that loans will be made on 25 million bushels to producers desiring to hold their soybeans for normal seasonal increases in price. It is assumed that all loans will be redeemed during the fiscal year since market prices are expected to exceed the support level. No deliveries are anticipated under the purchase agreement operation.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations...	\$7,252,761	\$54,937,000	\$52,687,000
Net gain or loss			
on operations.....	4,986	21,000	21,000

The production of oil in the major world surplus oil-producing areas is increasing but the production in these areas is still below prewar levels. If the world supply of oil increases to or near prewar levels, the price of soybean oil may drop considerably which may result in large quantities being delivered to the Corporation. In this event, losses might be incurred in disposing of stocks acquired.

PRICE SUPPORT PROGRAM, Steagall Commodities

Turkeys

No price support operations are now in effect. A public announcement was made that price support purchases would be made during the heavy marketing season of 1947 and 1948 if such purchases were necessary. No purchases were made in fiscal year 1948. It does not appear, at this time, that it will be necessary to support the price of poultry other than chickens and turkeys during calendar year 1950. However, if it should develop that support operations are necessary, such operations will be carried out by the Corporation as provided in the Agricultural Act of 1948. Provisions of the latest approved operations for turkeys were as follows:

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of turkeys.

Eligibility: Frozen, New York dressed turkeys were purchased from producers or their agents, and from cooperative organizations, dealers, and processors who certify they have paid producers not less than the announced prices for live turkeys.

Operations: Purchases of frozen New York dressed turkeys were authorized to be made during the period from September 1, 1947 through January 31, 1948, at prices designed to reflect a national average of 90 percent of parity for live birds, with grade and geographical differentials. Prices authorized to be paid during the support period were based on the August 15, 1947 parity. However, no turkeys were delivered to the Corporation under this offer.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713, Sup. V); section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8(a), Sup. V); section 21(c) of the Surplus Property Act of 1944 (50 U.S.C. App. 1630(c)).

BASIS, 1950 ESTIMATE: This estimate is based on the assumption that reduced feed prices, continuing shortages of red meat, and high prices for turkeys marketed in the fall of 1948 will cause a substantial increase in the 1949 turkey crop. This crop will be marketed during the first seven months of fiscal year 1950. Prices to producers are expected to be relatively low, due to the volume of marketings plus increasing red meat supplies. It is estimated that purchases by CCC of about 3,000,000 pounds of dressed turkeys may be necessary in order to support prices.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations ...	\$4,677	-	\$1,290,000
Net gain or loss on			
operations	-3,708	-	0

PRICE SUPPORT PROGRAM, All Other Commodities

Barley

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of barley and to promote orderly marketing.

Eligibility: Eligible commodity is barley produced in 1948 and grading No. 5 or better (except barley of Class III Western having a test weight of less than 40 pounds per bushel) provided such barley does not grade weevily, tough, stained, blighted, bleached, garlicky, ergoty, or smutty.

Eligible participants were producers of 1948-crop barley.

Operations: Nonrecourse loans were available from harvest through December 31, 1948, maturing April 30, 1949 or earlier on demand. Loans were made on a note-and-chattel mortgage basis for farm-stored barley and on a note-and-loan agreement basis for that stored in approved public warehouses. County and terminal loan rates were established at levels reflecting 75 percent of barley parity as of April 15, 1948. The national average loan rate was \$1.15 per bushel. Loans could be obtained from approved lending agencies or direct from the Corporation. Interest is at the rate of 3 percent per annum. No storage allowance will be made on farm-stored barley, and a deduction of 7 cents per bushel will be made from warehouse-stored barley unless the producer pays storage charges through April 30, 1949.

Purchase agreements were offered to producers from harvest through December 31, 1948. Producers desiring to deliver barley to the Corporation under a purchase agreement must notify the local county agricultural conservation committee of his intention to sell within 30 days after the 1948 barley loan matures. The producer will not be obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered. The purchase price will be the applicable settlement rate for comparable barley eligible for loan.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P. L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (a)); section 302(a) of the Agricultural Adjustment Act of 1938; policy contained in section 4(b) of the Act of July 1, 1941, as amended, and in section 1(d) of P. L. 897, 80th Congress.

BASIS, 1950 ESTIMATE: This estimate is based on the assumption that barley will be planted on 13.5 million acres and that a crop of approximately 300 million bushels will be produced which is slightly larger than the 1937-46 average production. This estimated production plus estimated carryover stocks of 70 million bushels will provide 280 million bushels for domestic uses, exports of 12.5 million bushels and a carry-out of 77.5 million bushels. In view of large carry-out stocks of other feed grains, it is assumed that farm prices may tend to remain at or near the support level. From these assumptions it is estimated that 10 million bushels will be placed under loan with 1 million bushels of the collateral being delivered to the Corporation in settlement of loans. Furthermore, it is estimated that 2 million bushels will be sold to the Corporation under the purchase agreement operation. Since these quantities will be delivered near the end of the fiscal year, it is assumed that the full amount will be in inventory on June 30, 1950. Estimates of sales during the fiscal year 1950 represent disposition of carryover stocks from fiscal year 1949.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations ..	\$ 322,125	\$ 31,522,000	\$ 13,720,000
Net gain or loss on			
operations	275	15,000	7,000

Crop estimates released since the preparation of the budget estimate indicate a production of 305 million bushels and carry-in stocks 75 million bushels. This increased supply is partially offset by an estimated increase in exports of 7.5 million bushels. If producers and commercial channels fail to utilize the balance of the additional supply and if exports fall below 20 million bushels, larger quantities than now reflected in the budget may be delivered to the Corporation.

PRICE SUPPORT PROGRAM, All Other Commodities

Flax, fiber

SUMMARY OF LATEST OPERATIONS:

Objective: To maintain prices of domestic flax fiber at levels sufficient to assure farmers a fair return from private and cooperative mills, and to assure a fair return for fiber flax straw and fiber in the possession of cooperatives.

Eligibility: Flax cooperatives and private mills were eligible to apply for loans. Eligible commodity was flax fiber as further explained in "Operations."

Operations: Nonrecourse loans were made from August 9, 1946 to July 1, 1948 on flax line fiber to (1) flax cooperatives whose entire net returns accrued to producer members only, on fiber owned by such cooperatives and processed by them prior to July 1, 1948, from flax straw grown in 1946 or prior years; and (2) flax cooperatives other than those included in (1) and to private mills, on fiber owned by them and processed by them prior to July 1, 1948, from flax straw grown in 1946.

Loans had to be applied for prior to July 1, 1948, bore 3 percent interest per annum, were payable on demand but not later than one year from date of the note, and were secured by receipts from Government-approved warehouses or by a chattel mortgage upon eligible fiber stored at the processor's flax mill or in other approved storage. The cost of insurance and all warehousing charges are paid by the owner. The processor pays the expense of the insurance on flax fiber represented by chattel mortgages, and if the fiber is delivered in payment of a note, a storage and handling allowance of 90 cents per cwt. per annum and the actual cost of insurance, if any, is paid by the Corporation to the processor at the time of delivery.

Purchases of fiber processed from flax straw grown in 1945 or preceding years were made prior to January 1, 1948 at specified rates from cooperatives whose entire net returns accrued to producer members only.

The nonrecourse loans made which were outstanding on August 22, 1947 were called on that date and the fiber so acquired was pooled and is to be sold. Loans made subsequent to August 22, 1947 were called at the close of the loan period on July 1, 1948. On January 4, 1949 approximately 220,000 pounds of flax fiber were sold under the Economic Cooperation Administration program for export to the French zone of Germany. Remaining CCC stocks total approximately 265,000 pounds.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraphs (b) and (f); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713(a)(Sup.V)).

BASIS, 1950 ESTIMATE: Production of flax fiber was increased during the war years but has declined materially since the end of the war. When the budget was prepared, it was estimated that loans would be made on 1,200,000 pounds of flax fiber from the 1947 crop and on 800,000 pounds from the 1948 crop. It was anticipated that all the crop would be acquired as collateral.

Production has dropped from 9.2 thousand tons in the crop year 1947 to an estimated (December 1) 3.4 thousand tons in the crop year 1948.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations...	\$722,301	\$505,337	\$336,000
Net gain or loss			
on operations.....	-158,952	-173,900	-32,000

While the budget contains estimates for support in 1949 and 1950, it is now believed that no support activities will be necessary for either of these years. The only activity, therefore, may be disposition of the loan collateral acquired in fiscal year 1949.

PRICE SUPPORT PROGRAM, All Other Commodities

Hemp

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of hemp fiber in order to maintain the domestic hemp industry during post-war readjustment.

Eligibility: Eligible participants were mills which were in operation in 1945. Eligible commodity was hemp fiber processed from hemp grown in 1947 at eligible mills.

Operations: Purchase of hemp fiber (line and tow) produced from 1947-crop hemp was made by the Corporation between November 1, 1947 and June 30, 1948 at prices ranging from 12 to 28 cents per pound, depending upon grade for line; from 6½ to 12 cents per pound, depending upon grade, for hemp tow; and 2 to 6 cents per pound for sample grade line or tow, in carload lots, through an open offer to eligible mills.

In September 1948 the Corporation sold the entire inventory of hemp fiber to the French Government under the ECA program.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713(a)); and policy in section 4(b) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8(b)).

BASIS, 1950 ESTIMATE: The production of hemp fiber has declined since the war years. It was estimated that purchases of the entire production of the 1948 and 1949 crops of 4 million pounds each would be made during the fiscal years 1949 and 1950 respectively. In 1948 fiscal year a total of 1,440,020 pounds of line fiber was purchased under the price support program from a total crop of approximately 4,655,000 pounds. The processors were able to obtain outlets for the remainder of the production. However, it is believed that these channels of trade may not be available to the processors during fiscal years 1949 and 1950 and will result in CCC making larger purchases.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to finance operations...	\$339,757	\$997,253	\$1,000,000
Net gain or loss on operations.....	-7,702	-110,000	-20,000

While the budget contains estimates for support in 1949 and 1950, it is now believed that no support activities will be necessary for either of these years. The only activity, therefore, may be disposition of the inventory carried over from the fiscal year 1948.

PRICE SUPPORT PROGRAM, All Other Commodities

Naval Stores

SUMMARY OF LATEST OPERATIONS:

Objective: To provide price stabilization and protection to gum producers, resulting in maintenance of balanced and adequate supplies of naval stores. The support level is designed to reflect to producers 90 percent of the February 1, 1948 parity.

Eligibility: To be eligible for loan, turpentine, rosin and the turpentine and rosin content of oleoresin must (1) have been produced in 1948 by an eligible producer, (2) be free from all liens and encumbrances, (3) be tendered for loan on or before December 31, 1948, and (4) not have been previously pledged for loan. Eligible turpentine must (1) meet prescribed specifications, and (2) be stored in approved bulk tanks. Eligible rosin must be (1) Federally inspected, graded ("G" or better), and weighed, (2) packed in standard metal drums, and (3) placed in approved storage.

Eligible producers must cooperate in the 1948 Gum Naval Stores Conservation Program or otherwise follow good conservation practices and execute a Producer's Marketing Agreement.

Operations: Loans were available through the facilities of the American Turpentine Farmers Association Cooperative, Valdosta, Georgia on eligible gum naval stores of the 1948 crop from April 1, 1948 through December 31, 1948, maturing April 1, 1949, or earlier on demand. Interest is at the rate of 3 percent per annum. The loan rate (\$131.58) was 90 percent of the February 1, 1948 parity value of the naval stores production unit (50 gallons of turpentine and 1,400 pounds of rosin) and the individual loan rates for turpentine and rosin were subject to change on the basis of market prices, the proportion of turpentine and rosin being pledged and the available storage facilities, domestic and foreign demand, and other market conditions (but the individual loan rates together always reflected the 90 percent of parity support fixed for the unit).

Producers were required to execute an agreement with the Association, containing terms and conditions upon which the loan was to be made and containing a certificate of compliance with all requirements of eligibility for loan. The loan made by the Corporation to the Association included, in addition to the amount of the loans made by the Association to the producers, administrative and operating expenses incurred by the Association in making such loans available, and renewal storage charges on naval stores pledged.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713(a)); and section 302(a) of the Agricultural Adjustment Act of 1938. The program is formulated in accordance with the policy contained in section 4(b) of the Act of July 1, 1941, as amended.

BASIS, 1950 ESTIMATE: Estimates are based on 1949 production equal to the prospective 1948 crop with the same levels of domestic and foreign demand and on the assumption of continued price support at 90 percent of parity levels. (90 percent of parity was used for budgetary purposes in order to show the Corporation's estimated financial liability under the maximum probable support level and in no way constitutes a commitment as to the support level for the 1949 crop.) The wood naval stores in 1947 accounted for 54 percent of the total turpentine output and 62 percent of the total rosin output. Although not eligible for price support, the wood naval stores obviously predominate in the total situation and largely determine the extent to which price support will be needed.

Rosin: The total production of gum and steam distilled wood rosin during the crop year 1949 is estimated to be 10,972,000 cwt. (4,625,000 cwt. of gum rosin and 6,347,000 cwt. of steam distilled wood rosin). It is estimated that the total production will be distributed as follows: domestic consumption 6,864,000 cwt., exports 3,120,000 cwt., addition to carryover 988,000 cwt. Since lower production costs allow steam distilled wood rosin to compete successfully with gum rosin, it is estimated that 40% of the 1949 gum rosin crop will be placed under loan - 350,000 cwt. in the period April 1 - June 30, 1949, and 1,500,000 cwt. in the period July 1 - December 31, 1949. The budget estimate also anticipates that loans secured by 850,000 cwt. of rosin will be repaid by producers and that the remaining 1 million cwt. will be acquired by the Corporation on or before April 1, 1950.

Turpentine: At the assumed loan rate of only 40 cents per gallon, it is expected that most 1949-crop turpentine will move into consumption except during the flush production season. Production of gum and wood turpentine is estimated at 685,000 barrels (50 gallons each), domestic disappearance at 550,000 barrels, exports at 115,000 barrels, and stocks accumulation at 20,000 barrels.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to finance operations.....	\$ 4,844,961	\$18,725,583	\$13,030,000
Net gain or loss on operations.....	-1,267,263	-1,178,800	-1,407,500

PRICE SUPPORT PROGRAM, All Other Commodities

Oats

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of oats, and to promote orderly marketing.

Eligibility: Oats produced in 1948 grading No. 3 or better, or oats determined to be sound and merchantable (in areas where official grain inspection is not available) which do not grade weevily, smutty, ergoty, garlicky, bleached, thin, or tough, are eligible. Eligible participants are producers of 1948-crop oats.

Operations: Nonrecourse loans were available from harvest through December 31, 1948, maturing April 30, 1949, or earlier on demand. Loans were made on a note-and-chattel mortgage basis for oats stored on the farm and on a note-and-loan agreement basis for those stored in approved public warehouses. County loan rates averaged 70 percent of oat parity as of April 15, 1948. The national average loan rate was 70 cents per bushel. Loans could be obtained through approved lending agencies or direct from the Corporation. Interest is at the rate of 3 percent per annum. No farm storage allowance will be paid, and a deduction of 7 cents per bushel will be made on warehouse-stored oats unless the producer has paid storage charges through April 30, 1949.

Purchase agreements are offered to producers from harvest through December 31, 1948. Producers desiring to deliver oats to the Corporation under a purchase agreement must notify the local county agricultural conservation committee of his intention to sell within 30 days after the 1948 oats loans mature. The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered. The purchase price will be the applicable settlement rate for comparable oats eligible for loan.

Direct purchases from producers could be made in Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, South Carolina, and Texas provided producers were unable to obtain a market price for their oats equivalent to the loan rate. Oats could be purchased in this area since the lack of suitable storage facilities made loans impracticable.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particular section 5(a); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713(a)); section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8(a)); and section 1(b) of P.L. 897, 80th Congress.

BASIS, 1950 ESTIMATE: This estimate is based on an anticipated 1949 crop of 1,250 million bushels which is about equal to the 1937-46 average but is 220 million bushels less than the estimated 1948 crop. Livestock and poultry feed requirements are expected to continue strong enough to maintain prices of oats at or above support levels resulting in limited loan requirements estimated at about 4 million bushels. It is anticipated that all loans will be repaid during the fiscal year. No deliveries are anticipated under the purchase agreement operation.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations...	\$141,420	\$8,472,000	\$2,627,000
Net gain or loss on			
operations.....	287	8,000	0

Crop estimates released since the preparation of the budget estimate indicate a production of 1,380 million bushels. Although this estimated production is higher than that used in preparing the budget estimate, it is still anticipated that market prices will be above support levels. However, if this latest production estimate is substantially exceeded, prices may fall below the level of support resulting in considerable quantities being delivered to the Corporation.

PRICE SUPPORT PROGRAM, All Other Commodities

Rye

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of rye and to promote orderly marketing.

Eligibility: Rye produced in 1948 and grading No. 2 or better, or grading No. 3 solely on the factor of test weight but otherwise grading No. 2 or better is eligible. Eligible participants are producers of 1948 crop rye.

Operations: Nonrecourse loans were available from harvest through December 31, 1948, maturing April 30, 1949, or earlier on demand. Loans were made on a note-and-chattel mortgage basis for rye stored on the farm and on a note-and-loan agreement basis for that stored in approved public warehouses. County and terminal loan rates were established at levels reflecting to producers 72 percent of rye parity as of April 15, 1948. The national average loan rate was \$1.29 per bushel. Loans could be obtained from approved lending agencies or direct from the Corporation. Interest is at the rate of 3 percent per annum. No storage payment will be made on farm-stored rye, and a deduction of 7 cents per bushel will be made on warehouse-stored rye unless the producer pays the storage charges through April 30, 1949.

Purchase agreements were offered to producers from harvest through December 31, 1948. Producers desiring to deliver rye to the Corporation under a purchase agreement must notify the local county agricultural conservation committee of his intention to sell within 30 days after the 1948 rye loan matures. The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered. The purchase price will be the applicable settlement rate for comparable rye eligible for loan.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713(a), Sup. V); section 302(a) of the Agricultural Adjustment Act of 1938; policy in section 4(b) of the Act of July 1, 1941, as amended; and in section 1(d) of P.L. 897, 80th Congress.

BASIS, 1950 ESTIMATE: This estimate is based on an acreage goal of 2.5 million acres which would produce an estimated 30 million bushels. This will provide a small increase over 1948 for domestic consumption and would enable an increase in carry-over stocks of about 3 million bushels, but the total available supply will still be about 7 million bushels below prewar levels. Competition from other crops for available land makes it improbable that increases in production will occur. In view of the demand and decreased production, it is assumed that the market price will be well above the support level resulting in loans being required for only 1 million bushels with all loans being redeemed during the fiscal year. No deliveries are anticipated under the purchase agreement operation.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations...	-	\$1,306,000	\$1,256,000
Net gain or loss			
on operations.....	-	1,000	1,000

PRICE SUPPORT PROGRAM, All Other Commodities

Seeds, Hay and Pasture

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of certain varieties of hay and pasture seed and to promote orderly marketing.

Eligibility: Eligible commodity is high quality seed, cleaned and bagged.

Eligible participants are producers of 1948 crop eligible seed.

Operations: Nonrecourse loans on alfalfa seed were available from harvest through December 31, 1948, maturing April 30, 1949, or earlier on demand. Loans were made on a note-and-chattel mortgage basis for farm-stored seed and on a note-and-loan agreement basis for warehouse stored seed. Loan rates per pound by regions were: Northern, 25 cents; Central, 20 cents; and Southern, 17 cents. Interest is at the rate of 3 percent per annum.

Purchase agreements are offered to producers from harvest through December 31, 1948 for alfalfa seed and through February 28, 1949 for other eligible seed. Producers desiring to deliver seed to the Corporation under a purchase agreement must notify the local county agricultural conservation committee of his intention to sell during May 1949. The producer is not obligated to deliver any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered. The purchase price for alfalfa seed will be the applicable settlement rate for comparable alfalfa seed eligible for loan. The purchase prices for other eligible seed range from 15 cents to 50 cents per pound according to variety, purity, and germination.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713(a)); section 302(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1302(a)); and policy contained in section 4(b) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8(b)); and in section 1(d) of P.L. 897, 80th Congress.

BASIS, 1950 ESTIMATE: The purpose of this program is to encourage the harvesting of range grass seed and alfalfa seed in order to insure that adequate supplies are available for planting where most needed in the Southern Great Plains. It is anticipated that most varieties will be above support levels during the fiscal year except in areas where growers are unable to sell their seed promptly at support levels due to temporary price dislocation in local markets. In such areas it is assumed that the Corporation will acquire about

1/2 million pounds through forfeiture of loan collateral. Since these seeds will be acquired near the end of the fiscal year it is assumed that the full amount will be in inventory on June 30, 1950.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations...	\$45,392	\$65,000	\$352,000
Net gain or loss			
on operations.....	3,466	-123,300	0

PRICE SUPPORT PROGRAM, All Other Commodities

Seeds, Winter Cover Crop

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of certain varieties of winter cover crop seed in order to insure that adequate supplies are produced and are available for the planting of winter cover crops.

Eligibility: Eligible commodity is 1949-crop high quality seed, cleaned and bagged of the following varieties: hairy vetch, common and Willamette vetch, Austrian winter peas (and natural component mixtures where provided for in the foregoing varieties), crimson clover, blue lupine, common ryegrass. Eligible participants are producers of eligible 1949-crop seed.

Operations: Purchase agreements will be offered to producers from harvest through February 28, 1950. Producers desiring to deliver eligible seed to the Corporation under a purchase agreement must notify the local county agricultural conservation committee of his intention to sell between May 1, 1950 and May 30, 1950, inclusive. The producer is not obligated to sell any specified quantity; however, the number of pounds specified in the purchase agreement is the maximum quantity that may be delivered. The basic prices to producers of top-grade seed will be the lower of (a) 90 percent of the parity or comparable prices as of July 1, 1949, or (b) $3\frac{1}{2}$ cents per pound for blue lupine, $4\frac{1}{2}$ cents for Austrian winter peas; 6 cents for common ryegrass, $6\frac{1}{2}$ cents for common vetch and Willamette vetch, and 14 cents for hairy vetch and crimson clover. All storage charges accruing prior to May 1, 1950, or the date of the warehouse receipt, whichever is later, must be paid by the producer except that the Corporation will assume the warehouse receiving charges of the warehouse where the seed is delivered.

Authority: Commodity Credit Corporation Charter Act (P. L. 806, 80th Congress), particularly section 5(a) and sections 1(d) and 202(a) of the Agricultural Act of 1948 (P.L. 897, 80th Congress).

BASIS, 1950 ESTIMATE: The budget estimate is based on the assumption that the production of seed for which price support will be available will total about 250 million pounds. This production plus carry-in stocks of 34 million pounds will provide 232 million pounds for domestic uses, and 14 million pounds for export and a carry-out of 38.7 million pounds. Of the total estimated carry-out it is assumed that the Corporation will hold not more than 2 million pounds which may be acquired under the purchase agreement operation. The possibility of price dislocation in

local markets accounts for this estimated amount since it is anticipated that, generally, prices of seed eligible for price support will be above support levels.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations...	\$1,012,687	\$100,000	\$95,000
Net gain or loss on			
operations.....	297,003	114,100	0

PRICE SUPPORT PROGRAM, All Other Commodities

Sorghums, Grain

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of grain sorghums and to promote orderly marketing.

Eligibility: Grain sorghums produced in 1948 grading No. 4 or better and not grading discolored, weavily, or smutty, are eligible.

Eligible participants are producers in the States of Texas, Oklahoma, Kansas, Missouri, Nebraska, South Dakota, New Mexico, Colorado, Arizona, and California.

Operations: Nonrecourse loans are available from harvest through February 28, 1949, maturing April 30, 1949 or earlier on demand. Loans are made on a note-and-chattel mortgage basis for grain sorghums stored on the farm and on a note-and-loan agreement basis for that stored in approved public warehouses. County and terminal loan rates are established at levels which reflect to producers 77 percent of the grain sorghum parity price as of April 15, 1948. The national average loan rate is \$2.31 per hundredweight. Loans may be obtained through approved lending agencies or direct from the Corporation. Interest will be at the rate of 3 percent per annum. No storage allowances will be made for farm-stored grain sorghums, and a deduction of 9 cents per hundredweight will be made on warehouse-stored grain sorghums unless the producer has paid the storage charges through April 30, 1949.

Purchase agreements will be offered to producers from harvest through February 28, 1949. Producers desiring to deliver grain sorghums to the Corporation under a purchase agreement must notify the local county agricultural conservation committee of his intentions to sell within 30 days after the 1948 grain sorghums loans mature. The producer will not be obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered. The purchase price will be the applicable settlement rate for comparable grain sorghums eligible for loan.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraph (b); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(a); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C., 713(a), Supp. V); section 302(a) of the Agricultural Adjustment Act of 1938; and policy contained in section 4(b) of the Act of July 1, 1941, as amended, and in section 1 (d) of P. L. 897, 80th Congress.

BASIS, 1950 ESTIMATE: This estimate is based on the assumption that grain sorghums will be planted on 7 million acres and that a crop of 116 million bushels of grain sorghums will be produced. This estimated production is approximately 16 million bushels larger than the 1937-46 average production. With a crop of this size, taking into consideration large carry-over stocks of 1948 crop feed grains and a gradual price decline, it is estimated that loans will be made on 3 million cwt. with the Corporation acquiring 1 million cwt. through forfeiture of collateral. Furthermore, it is estimated that 2 million cwt. will be sold to the Corporation under the purchase agreement operation. Since these quantities will be delivered near the end of the fiscal year it is assumed that the full amount will be in inventory on June 30, 1950. Sales during fiscal year 1950 represent disposition of carry-over stocks from fiscal year 1949.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations .	\$85,448	\$18,880,000	\$11,056,000
Net gain or loss on			
operations	-18	7,000	4,000

If the 1949 production exceeds the present estimated production prices may be depressed below present estimated levels. In this event, larger quantities than now estimated may be delivered to the Corporation at support prices.

PRICE SUPPORT PROGRAM, All Other Commodities

Wool

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of wool to producers in the continental United States and territories at a level reflecting the same level that wool was supported to producers in 1946 (42.3¢ per pound grease basis for shorn wool). Pulled wool prices will be supported at a comparable level.

Eligibility: All types and grades of shorn and pulled wool produced in the continental United States and territories is eligible. The producer of the shorn wool must not have parted with title thereto prior to August 15, 1947 and the original puller must have retained title to the pulled wool.

Operations: Purchases are authorized from January 1, 1949 through December 31, 1949.

Prices of wool are supported by means of purchases at announced prices. Under agreements entered into with the Corporation, handlers will make purchases for the account of the Corporation directly from producers, pools, or secondary handlers. The Corporation may also buy from handlers wool purchased by handlers in their own name from producers in lots of 3,000 pounds or less. The quality and appraisal value of each lot of wool acquired will be determined by appraisers employed by the Department of Agriculture. The shrinkage will be determined by core test and other methods.

Wool acquired under this program, as well as that acquired under prior programs, is stored in warehouses provided by the handlers under the terms of the handler's agreements. Wool acquired which is disposed of through commercial channels is to be sold at the best obtainable prices in accordance with a schedule of selling prices and policies approved by the Manager of CCC. Under Public Law 360, selling prices may be established without regard to the parity price for wool.

Authority: CCC Charter Act (P. L. 806, 80th Congress), particularly section 5(a); and Public Law 360 (80th Congress) as amended by Title I of the Agricultural Act of 1948.

BASIS, 1950 ESTIMATE: It is estimated that production of shorn and pulled wool will drop to 270 million pounds, grease basis in the calendar year 1949 and 256 million pounds, grease basis in the calendar year 1950. Mill consumption in 1947 was approximately 981 million pounds, grease basis. It is estimated that consumption in the calendar year 1948 dropped to around 975 million pounds grease basis, and that high consumer incomes and increased military demand may keep consumption at a relatively high level in 1949. Since most of the requirements resulting from wartime shortages have been or are being met and since inventories of finished goods have been building up, it is estimated that some decrease in consumption and declining prices will necessitate the purchase of 60 million pounds of the 1949 clip and 30 million pounds of the 1950 clip during the fiscal year 1950 at an average price of approximately 65 cents per pound. It is also estimated that the competitive price of foreign wool will necessitate an average selling price of approximately 55 cents per pound during the fiscal year 1950.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations	\$ 99,920,187	\$ 46,982,715	\$ 59,278,000
Net gain or loss on			
operations	23,598,643	-5,143,000	-9,994,000

SUPPLY PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: This program is intended to facilitate the acquisition of agricultural commodities to meet requirements of the Department of the Army, Economic Cooperation Administration, other governmental agencies, foreign governments, relief agencies and Section 32 or any similar appropriation to the Department of Agriculture.

Operations: Purchases are confined to commodities produced in the United States. Purchases for any claimant, other than a Federal Government agency, require (1) a firm requisition or a firm contract from the claimant and (2) a deposit with the Treasurer, Commodity Credit Corporation, of cash or its equivalent, or other acceptable financial arrangements. Purchases for Federal agencies require a written order constituting a firm obligation. Purchases may be made in advance of firm commitments and prior to deposit of cash only upon specific authorization of the Board of Directors when it is anticipated that no risk of loss is involved.

The Corporation also transports, stores, and disposes of Mexican canned meat obtained as a result of the Bureau of Animal Industry's foot-and-mouth disease eradication activities in Mexico. The net proceeds of sales of this meat are credited against funds advanced to the foot-and-mouth disease appropriation under authority of Public Law 271, approved July 30, 1947.

During fiscal year 1948, grains, cotton, rice, and flour consisted of the major part of the supply purchases. The remaining purchases consisted of fats and oils, dairy products, dry beans and peas, Mexican canned meat, and other miscellaneous commodities. Sales to claimants were approximately 36 percent to the Department of the Army, 30 percent to cash paying foreign governments, 6 percent to Economic Cooperation Administration, and 5 percent to other claimants.

Generally, purchases are made at the best price obtainable at either an announced price or on an offer and acceptance basis in quantities, at times, and at prices which shall cause the least disturbance in market prices. Purchases may also be made under formal competitive bids.

Transfers to claimants are at prices designed to reimburse the Corporation for all costs incidental to carrying out this operation. Disposition through commercial channels, donations, or destruction are made in accordance with statutory requirements and authorized policy.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraphs (b) and (j); CCC Charter Act (P.L. 806, 80th Congress), particularly section 5(c); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713); section 112(c) of the Economic Cooperation Act of 1948; and Executive Order 9280.

BASIS, 1950 ESTIMATE: This estimate is based on the assumption that the Corporation will be purchasing agricultural commodities for the Department of the Army for certain uses in occupied areas and for countries participating in ECA programs during fiscal year 1950. Total dollar volume of direct purchases under the supply program are estimated to be \$607,565,000. It is anticipated that price support inventories will be adequate to fill the balance of the orders for agricultural commodities required by purchasers. Purchases of grain and grain products are estimated at \$545,925,000 or 90 percent of the total estimated. Purchases of canned meat, vegetable oils, non-fat dry milk, field and vegetable seed and other miscellaneous commodities account for the balance of the estimated purchases.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations	\$1,362,947,171	\$1,296,233,616	\$641,105,000
Net gain or loss on			
operations	41,587,542	0	0

FOREIGN PURCHASE PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To procure and either import into the United States or sell to U. S. Government agencies and foreign claimants without importation into the United States food and agricultural products and to stimulate production in Non-European foreign countries by procurement, advances of funds, price guarantees, and other means.

Operations: Purchases for U. S. Government agencies and foreign claimants without importation into the United States are made by the Corporation after receipt of firm requisitions or purchase orders. Quantities for importation into the United States are based on the amount private trade will require. Purchase agreements are then executed with the foreign country to supply this amount.

Purchases usually are made by the Corporation on an offer and acceptance basis. Purchases will not be made at prices in excess of comparative market prices in the United States. All purchases will be within allocations recommended by the International Emergency Food Committee.

The 1947 crop Cuban raw cane sugar was purchased at an average price of 4.9625 cents per pound, f.a.s. Cuban ports, and 56,790 short tons, raw value, Cuban refined sugar was purchased at 6,272 cents per pound. The Corporation also purchased 1,000,000 short tons of 1948 crop Cuban raw sugar at 4 cents per pound f.a.s. Cuban ports, basis 96° polarization; 38,811 short tons of 1947-48 crop Peruvian raw sugar at 4 cents per pound f.a.s. Peruvian ports, with no allowance for polarization; and 16,800 short tons of Java direct consumption sugar at 5.22 cents per pound, delivered in Japan. Shipment of these quantities of sugar were completed during the first half of fiscal year 1949 and were for use by the U. S. Army in occupied areas in Japan, Korea, and Germany and for use under the U. S. Foreign Aid Program in Italy and Austria. In July 1946 the Corporation assigned to the RFC its rights and obligations with respect to the purchase of blackstrap molasses and industrial alcohol in Cuba and these purchases were completed during fiscal year 1948.

Rice was purchased in Siam for the Department of the Army for use in Korea and for foreign aid assistance for use in China. Purchases were made at official export prices established by the Siamese Government and approved by the Corporation. Payment was made in dollars upon presentation of appropriate documents.

Purchases of copra were made from the Philippine Islands for use in foreign aid programs. Purchases were made on an offer and acceptance basis with payment made in dollars by letter of credit upon presentation of appropriate documents.

Other items purchased abroad for use in foreign aid programs were fish, beetseed, Mexican canned meat, and oils.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraphs (b), (d), (g), and (1); CCC Charter Act (P. L. 806, 80th Congress), particularly section 5(c); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713(a)); section 7 of Public Law 395, 80th Congress; and Executive Orders 9630 and 9177.

BASIS, 1950 ESTIMATE: This estimate is based upon the assumption that the Corporation will be required to make limited purchases for the Department of the Army and Economic Cooperation Administration during fiscal year 1950. It is assumed that purchases of fats and oils will amount to \$27,000,000. This represents, primarily, estimated purchases of copra from the Philippines and Netherlands Indies. Rice purchases for use in occupied areas and for foreign assistance are estimated at \$8,000,000. These purchases will probably be made in Siam. If normal trade channels should be established for these commodities by fiscal year 1950, the Corporation may not be required to make any purchases abroad.

In order to assist the Netherlands Indies Government in its effort to stimulate the production of copra and palm oil, the Corporation expects to make available \$25,000,000 to the NI Government, under the authority of Section 7 of Public Law 395, 80th Congress, for the purchase of incentive goods for producers. It is anticipated that these funds will be equally divided between fiscal years 1949 and 1950 with repayment begun in 1950. Interest will be 3 percent per annum.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations	\$291,117,327	\$158,200,000	\$47,500,000
Net gain or loss on			
operations	-3,044,499	0	0

COMMODITY EXPORT PROGRAM

Cotton

SUMMARY OF LATEST OPERATIONS:

Objective: To facilitate the exportation of cotton at competitive world prices.

Eligibility: Eligible commodity was Commodity Credit Corporation owned and pooled cotton, the exportation of which would not result in a shortage in the United States.

Operations: Cotton was sold direct to foreign purchasers by the Corporation or made available to exporters from Corporation stocks at competitive world prices in order to permit American cotton to compete in the world market. The Corporation absorbed the losses due to resulting price reductions below domestic prices.

This program was begun in November 1944 by the Corporation. During the fiscal year 1948, the program was limited to Corporation stocks.

The export differential was 1/2 cent per pound, gross unpatched weight, from the beginning of the fiscal year 1948 until March 3, 1948, when it was reduced to 1/8 cent per pound. The differential was still further reduced to 10 cents per bale on June 23, 1948.

Authority: Corporate Charter (Delaware), particularly Article Third, paragraphs (b) and (d); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)); and section 21(c) of the Surplus Property Act of 1944 (58 Stat. 775).

BASIS, 1950 ESTIMATE: It is anticipated that the Corporation will dispose of cotton obtained by acquisition of collateral securing price support loans under a similar program during the fiscal year 1950.

	<u>1948 actual</u>	<u>1949 estimate</u>	<u>1950 estimate</u>
Funds required to			
finance operations ..	\$ -	\$ 2,000	\$ 15,000
Net gain or loss on			
operations	17,437	-2,000	-15,000

Administrative Expenses, Commodity Credit Corporation

Appropriation Act, 1949	\$7,575,000
Anticipated Pay Act Supplemental	537,935
Anticipated Supplemental for Increased Price	
Support Activities	2,701,765
Base for 1950	10,814,700
Budget Estimate, 1950	12,000,000
Increase	<u>+1,185,300</u>

Summary of Increase and Decrease

For increased administrative work in connection with
 price support programs+1,251,900
Decrease due to liquidation of prior years' subsidy program. -66.600

Increase and Decrease

A net increase of \$1,185,300 in the administrative expense limitation composed of:

(1) An increase of \$1,251,900, or 12%, required primarily to handle an estimated 48% increase in the amount of work in connection with the loan operations of the Corporation. It is estimated that during the 1950 fiscal year the loan operations of the Corporation as reflected by the number of loans made, loans repaid, and collateral acquired will be a little over 7,000,000 compared to nearly 4,750,000 in the 1949 fiscal year.

During the same period, it is estimated that the Corporation will experience substantial reductions in purchase activities and large increases in sales volume, resulting in combined purchase-and-sales activities at the same level in both fiscal years. This will require the handling and disposition of approximately 400,000 carloads of commodities.

The increases in the activities and workload of the Corporation during the fiscal year 1950 arise chiefly from three factors:

1. A significant increase in collateral acquired during the fiscal year 1950 equal in dollar value to nearly four times that which is estimated to be acquired in the fiscal year 1949. This will greatly increase the work in connection with storage, transportation, inventory management, and disposal operations of the Corporation. For example, it is estimated that the Corporation through its loan operations will acquire title to approximately 420,000,000 bushels of grain during the fiscal year 1950 compared to about 110,000,000 bushels during the fiscal year 1949. In addition, it will acquire title to an estimated 1,500,000 bales of cotton in the fiscal year 1950 compared to approximately 29,000 during the fiscal year 1949;

2. Continuation of sizeable purchase and sales operations. It is estimated that during the fiscal year 1950 to the Corporation will buy and sell approximately 325,000,000 bushels of grain compared to 100,000,000 bushels during the fiscal year 1949;
3. The 1950 budget of the Corporation assumes a support level on some commodities somewhat lower than the support level for the fiscal year 1949 occasioned in part because of the Agricultural Act of 1948. Accordingly, it is expected that a **larger** quantity of commodities will be supported per program dollar than was the case in 1949.

The increase will provide for administrative expenses in connection with the price support programs. Many of the commodities which were purchased for and delivered to claimants under the supply program during the fiscal year 1949 will have to be acquired during the fiscal year 1950 by the Corporation under the Price Support Program in accordance with the provisions of law. Therefore many of the trained employees formerly assigned to supply functions and who were paid from reimbursements obtained from foreign and other claimants under the supply program will during the fiscal year 1950 be paid from funds made available under the administrative expense limitation.

The increase in administrative expenses is substantially less, percentage-wise, than the increase in workload during the fiscal year 1950. This is due primarily to improvements in operating effectiveness which it is believed will make it possible to absorb part of the increased workload. This is, in turn, due in part to experience gained by new personnel employed during the fiscal year 1949 for which a training period was necessary.

(2) A decrease of \$66,600 resulting from liquidation of prior years' programs, primarily in connection with the Sugar Subsidy Program on the 1946 and 1947 crops. This work included reviewing contract performance by refiners, steamship companies and shippers, and effecting settlements with the Cuban Sugar Stabilization Institute, and settling claims for sugar lost or damaged. Work in 1949 also performed on prior years' programs on fruits for processing, involving principally the settlement of claims of contract performance.

The following tables reflect a comparison of the anticipated workload under purchase and sales operations and loan operations for the fiscal years 1949 and 1950:

(b) Conservation and Use of Agricultural Land Resources

Appropriation Act, 1949	\$150,000,000
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture"	148,000
Anticipated 1949 Supplemental Appropriation for Additional Marketing Quota Programs	9,734,500
Base for 1950	159,882,500
Budget Estimate, 1950	290,000,000
Increase, 1950	<u>+130,117,500</u>

The Agricultural Conservation Program is operated on a calendar (crop) year basis. The 1948 Program which closed on December 31, 1948 is financed from funds provided in the 1949 Agricultural Appropriation Act. In that Act, the Congress authorized the formulation and administration of 1949 programs (Agricultural Conservation, Tobacco, and Peanut Marketing Quota Programs) including administration, amounting to \$262,500,000. It is for these programs and for the formulation and administration of quota programs on corn, cotton, wheat, and rice that the 1950 Budget Estimate is submitted as reflected in the program summary below, and the project statement on the following pages.

Program Summary

(Including anticipated 1949 supplemental appropriations for additional marketing quota programs)

	1949	1950	Increase 1950 over 1949
Agricultural conservation program	\$150,148,000	\$257,043,439	+\$106,895,439
Marketing quota programs:			
Tobacco	2,597,729	2,599,026	+1,297
Peanuts	2,550,872	2,551,748	+876
Cotton	4,142,500	6,176,800	+2,034,300
Corn	---	8,549,100	+8,549,100
Wheat	5,592,000	13,000,000	+7,408,000
Rice	---	79,887	+79,887
Total programs	165,031,101	290,000,000	+124,968,899
Less advance purchase of conserva- tion materials from 1948			
appropriation	5,148,601	---	+5,148,601
Total appropriation or estimate	159,882,500	290,000,000	+130,117,500

PROJECT STATEMENT

(Amounts Shown Include Pay Act Costs)

Project	On a Program Basis				Increase or decrease
	1947	1948	1949	1950	
	(Fiscal Year: (Fiscal Year: (Fiscal Year: (Fiscal Year:				
	1948)	1949)	1950)	1951)	
	estimated	estimated	estimated	estimated	
<u>Agricultural Conservation Program</u>					
Conservation payments to farmers	\$245,433	\$129,422	\$231,302	\$101,880	\$715
Allotments from program funds for program expenses:					
Division of Disbursement, Treasury Department	199,546	151,908	152,906		+998
Office of Treasurer of the United States	21,190	20,725	16,400		-4,325
General Accounting Office	154,165	251,673	260,800		+9,127
Cost of Aerial Photographs	346,655	316,000	316,000		-
Printing and binding	123,254	148,000	148,000		-
Total	844,810	888,306	894,106		+5,800
<u>Operating Expenses:</u>					
National and State:					
Production and Marketing Administration	4,606,813	4,957,323	4,970,695		+13,372
Cooperating Agencies:					
Extension Service	809	1,000	1,000		-
Forest Service	17,619	25,192	20,744		-4,448
Office of Information	759	-	-		-
Total, cooperating agencies	19,187	26,192	21,744		-4,448
Total, National and State	4,626,000	4,983,515	4,992,439		+8,924
County	14,854,000	14,854,000	19,854,000		+5,000,000
Total obligations, Agricultural Conservation Program	265,758,254	150,148,000	257,043,439		106,895,439 (1)
<u>Tobacco Marketing Quota Program</u>					
Operating expenses:					
National and State	624,000	669,729	671,026		+1,297
County	1,896,000	1,896,000	1,896,000		-
Total, operating expenses	2,520,000	2,565,729	2,567,026		+1,297
Printing and binding	32,000	32,000	32,000		-
Total obligations, Tobacco Marketing Quota Program	2,552,000	2,597,729	2,599,026		+1,297 (2)

Project	On a Program Basis				Increase or Decrease
	1947	1948	1949		
	(Fiscal Year)	(Fiscal Year)	(Fiscal Year)		
	1948	1949	1950		
	estimated	estimated	estimated		
<u>Peanut Marketing Quota Program</u>					
Operating expenses:					
National and State					
County	400,000	430,872	431,748		+876
Total, operating expenses	2,100,000	2,100,000	2,100,000		-
Printing and binding	2,500,000	2,530,872	2,531,748		+876
Total obligations, Peanut Marketing Quota Program	15,000	20,000	20,000		-
	2,515,000	2,550,872	2,551,748		+876 (2)
<u>Cotton Marketing Quota Program</u>					
Operating expenses:					
National and State					
County		491,000	1,091,800		+600,800
Total, operating expenses		3,541,000	5,009,000		+1,368,000
Printing and binding		4,132,000	6,100,800		+1,968,800
Total obligations, Cotton Marketing Quota Program		10,500	76,000		+65,500
		4,142,500	6,176,800		+2,034,300 (3)
<u>Corn Marketing Quota Program</u>					
Operating expenses:					
National and State					
County			1,254,100		+1,254,100
Total, operating expenses			7,220,000		+7,220,000
Printing and binding			8,474,100		+8,474,100
Total obligations, Corn Marketing Quota Program			75,000		+75,000
			8,549,100		+8,549,100 (4)
<u>Wheat Marketing Quota Program</u>					
Operating expenses:					
National and State					
County		793,000	2,164,100		+1,371,100
Total, operating expenses		4,784,000	10,735,900		+5,951,900
Printing and binding		5,577,000	12,900,000		+7,323,000
Total obligations, Wheat Marketing Quota Program		15,000	100,000		+85,000
		5,592,000	13,000,000		+7,408,000 (5)
<u>Rice Marketing Quota Program</u>					
Operating expenses:					
County					
Total obligations, Rice Marketing Quota Program			79,887		+79,887
Total pay act costs			79,887		+79,887 (6)
Total available	270,825,254	165,031,101	290,000,000		+124,968,899

Project	On a Program Basis				Increase or Decrease
	1947	1948	1949		
	(Fiscal Year: estimated	(Fiscal Year: estimated	(Fiscal Year: estimated	(Fiscal Year: estimated	
Adjustments:					
Difference in amount used for advance purchase of conservation materials and services from prior fiscal year's appropriation for current program and amount to be used for advance purchase of conservation materials and services from current fiscal year's appropriation for ensuing calendar year	-5,067,000	+4,851,399	-	-	-4,851,399
Received by loan from CCC	-37,635,000	-10,000,000	-10,000,000	-	-
Repayment of loan from CCC	-	-	+10,000,000		+10,000,000
Total appropriation or estimate including transfer in 1950 estimates and anticipated 1949 supplemental of \$14,000,000 for work on marketing quotas	228,123,254	159,882,500	290,000,000		+130,117,500
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-123,254	-148,000	-		+148,000
Anticipated supplemental estimate for work on marketing quotas	-	-9,734,500	-		+9,734,500
Total appropriation or estimate	228,000,000	150,000,000	290,000,000		+140,000,000

COMMODITY CREDIT CORPORATION

SUMMARY STATEMENT OF PROGRAM OPERATIONS

(Fiscal years ending June 30, 1948, 1949, and 1950)

Program	Gain or loss	Funds applied	Funds provided	Excess of funds provided over funds applied
<u>FISCAL YEAR 1948</u>				
Price support program:				
Basic commodities	\$2,381,242	\$315,985,258	\$283,930,728	-\$32,054,530
Steagall commodities	-23,012,702	138,375,937	142,754,832	4,378,895
All other commodities	10,311,595	219,227,047	305,198,457	85,971,410
Total, price support program ..	-10,319,865	673,588,242	731,884,017	58,295,775
Supply program	41,587,542	1,362,947,171	1,430,489,816	67,542,645
Foreign purchase program	-3,044,499	291,117,327	313,654,450	22,537,123
Subsidy program	4,025,128	.....	2,308,828	2,308,828
Commodity export program	17,437	.....	17,437	17,437
Loan to Secretary of Agriculture ..	.....	37,635,000	37,635,000	.....
<u>Total 1948</u>	<u>32,265,743</u>	<u>2,365,287,740</u>	<u>2,515,989,548</u>	<u>150,701,808</u>
<u>FISCAL YEAR 1949</u>				
Price support program:				
Basic commodities	-11,762,000	2,320,078,732	1,272,261,420	-1,047,817,312
Steagall commodities	-201,775,226	524,328,773	234,856,835	-289,471,938
All other commodities	-9,680,900	188,564,481	228,250,035	39,685,554
Total, price support program ..	-223,218,126	3,032,971,986	1,735,368,290	-1,297,603,696
Supply program .....	.....	1,296,233,616	1,316,465,408	20,231,792
Foreign purchase program .....	.....	158,200,000	145,700,000	-12,500,000
Subsidy program .....	.....	.....	.....	.....
Commodity export program	-2,000	2,000	.....	-2,000
Loan to Secretary of Agriculture ..	.....	10,000,000	10,000,000	.....
<u>Total 1949</u>	<u>-223,220,126</u>	<u>4,497,407,602</u>	<u>3,207,533,698</u>	<u>-1,289,873,904</u>
<u>FISCAL YEAR 1950</u>				
Price support program:				
Basic commodities	-4,067,000	2,040,862,000	1,593,095,000	-447,767,000
Steagall commodities	-78,791,000	223,101,500	229,472,500	6,371,000
All other commodities	-11,441,500	102,750,000	108,050,000	5,300,000
Total, price support program ...	-94,299,500	2,366,713,500	1,930,617,500	-436,096,000
Supply program .....	.....	641,105,000	680,555,000	39,450,000
Foreign purchase program .....	.....	47,500,000	39,500,000	-8,000,000
Subsidy program .....	.....	.....	.....	.....
Commodity export program	-15,000	15,000	.....	-15,000
Loan to Secretary of Agriculture ..	.....	10,000,000	10,000,000	.....
<u>Total 1950</u>	<u>-94,314,500</u>	<u>3,065,333,500</u>	<u>2,660,672,500</u>	<u>-404,661,000</u>

1/13/49

UNITED STATES DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

Estimated Volume of Workload in Commodity Credit Corporation Under Price Support "Loan" Operations, Fiscal Years 1949 and 1950
As Reflected by the Number of Loans Made, Loans Repaid, and Collateral Acquired

Commodity	:Estimated :No. of Units: :Per Loan	1949				1950			
		:Loans Made	:Repayments	:Collateral :Acquired	:Total Qty. :Handled	:Loans Made	:Repayments	:Collateral :Acquired	:Total Qty. :Handled
Corn	1,000 bu.:	400,000	100,705	-	500,705	200,000	50,000	300,000	550,000
Wheat	1,000 bu.:	350,000	254,131	100,000	704,131	307,500	190,000	117,500	615,000
Barley	1,500 bu.:	15,000	11,685	3,333	30,018	6,667	6,000	667	13,334
Oats	500 bu.:	24,000	24,040	-	48,040	8,000	8,000	-	16,000
Rye	500 bu.:	2,000	2,000	-	4,000	2,000	2,000	-	4,000
Flaxseed	500 bu.:	2,000	-	2,107	4,107	2,000	2,000	-	4,000
Soybeans	400 bu.:	62,500	63,752	-	126,252	62,500	62,500	-	125,000
Rice	100,000 lbs:	500	500	-	1,000	500	500	-	1,000
Beans, dry edible ..	30,000 lbs:	2,000	1,000	1,000	4,000	3,333	3,333	-	6,666
Peas, dry edible ..	30,000 lbs:	83	83	-	166	83	83	-	166
Seed, Hay, Pasture ..	300 lbs:	333	333	-	666	3,333	1,667	1,667	6,667
Grain, Sorghums	50,000 lbs:	10,000	6,000	4,000	20,000	6,000	4,000	2,000	12,000
Peanuts	125,000 lbs:	4,000	4,380	-	8,380	4,000	4,000	-	8,000
Flax, Fibers	1,000 lbs:	1,200	-	1,435	2,635	800	-	1,200	2,000
Rosin	6,500 lbs:	34,230	13,200	20,000	67,430	23,077	13,077	15,385	51,539
Potatoes, Irish	600,000 lbs:	2,488	2,457	-	4,945	1,667	1,645	-	3,312
Cotton	1.75 bales:	2,286,686	865,552	16,420	3,168,658	2,857,429	1,826,543	857,143	5,541,115
Turpentine	85 gals.:	21,473	17,647	15,137	54,257	23,529	17,647	11,765	52,941
Total		3,218,493	1,367,465	163,432	4,749,390	3,512,418	2,192,995	1,307,327	7,012,740

UNITED STATES DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

Estimated Quantity of Commodities to be Handled under Price Support "Purchase and Sales" Operations, Expressed in Carlot Equivalents, Fiscal Years 1949 and 1950

Commodity	Estimated No.:		1949		1950		
	Short Tons	Purchases:	Sales	Total Quantity:	Purchases:	Sales	Total Quantity
	per Carload	:(carload):	:(carload):	Handled	:(carload):	Handled	Handled
Corn	50.3	-	-	-	13,917	55,666	69,583
Wheat	52.3	28,680	20,077	48,757	31,549	65,965	97,514
Barley	48.0	1,250	-	1,250	1,000	3,750	4,750
Flaxseed	46.9	13,433	9,409	22,842	-	4,716	4,716
Potatoes, Sweet	14.0	4,911	4,911	9,822	4,911	4,911	9,822
Rice	43.0	2,325	-	2,325	2,325	2,325	4,650
Beans, dry edible	41.1	243	-	243	-	608	608
Seed, Hay and Pasture	40.0	-	104	104	-	-	-
Seed, Winter Cover Crop	40.0	-	415	415	25	-	25
Grain Sorghums	49.6	2,016	-	2,016	2,016	4,032	6,048
Peanuts	24.9	12,048	12,107	24,155	4,618	4,618	9,236
Linseed Oil	28.4	3,254	718	3,972	-	2,542	2,542
Tobacco	13.1	-	244	244	-	-	-
Flax Fiber	25.0	-	30	30	-	24	24
Hemp	25.0	80	45	125	80	80	160
Rosin	27.0	-	-	-	-	370	370
Dairy Products:							
Milk, nonfat dry	32.5	769	-	769	1,538	2,308	3,846
Other	32.5	-	-	-	1,338	1,338	2,676
Wool	17.1	2,047	6,023	8,070	2,631	3,031	5,662
Tung Oil	28.4	-	119	119	-	-	-
Chickens, dressed	16.4	-	-	-	152	152	304
Potatoes, Irish	21.4	126,636	129,425	256,061	81,776	81,776	163,552
Turkeys	16.4	-	-	-	91	91	182
Fruit, dried	35.6	7,731	7,731	15,462	-	-	-
Cotton	17.5	-	411	411	-	2,864	2,864
Turpentine	27.0	-	253	253	-	172	172
Eggs, dried whole	15.8	1,432	849	2,281	1,283	1,603	2,886
Eggs, frozen	21.5	-	1,013	1,013	-	-	-
Total		206,855	193,884	400,739	149,250	242,942	392,192

As of December 27, 1948

UNITED STATES DEPARTMENT OF AGRICULTURE
COMMODITY CREDIT CORPORATION

Estimated Obligations, Fiscal Year 1949, Compared with Budget Estimates, Fiscal Year 1950

Item	Estimated Obligations, 1949	Budget Estimates, 1950	Increase (+) or Decrease (-) 1950 Compared with 1949
Programs conducted by CCC and financed under CCC administrative expense limitation	\$10,814,700	\$12,000,000	+\$1,185,300
Reimbursable administrative expenses on purchase of agricultural commodities for cash-paying foreign governments, claimants under the Foreign Assistance Act of 1948, Supply programs in liquidation, and other reimbursable supply operations	7,688,040	5,050,000	-2,638,040
Services rendered other departmental appropriations	6,090,359	5,611,518	-478,841
Total estimated obligations, fiscal year 1949 and budget estimate, fiscal year 1950	24,593,099	22,661,518	-1,931,581
Deduct funds received by advance or transfer from cash-paying foreign governments, Foreign Assistance Act of 1948 and other appropriations :	13,778,399	10,661,518	-3,116,881
Total estimated obligations payable from CCC capital funds, fiscal year 1949, and budget estimates, fiscal year 1950	10,814,700	12,000,000	+\$1,185,300

(b) Conservation and Use of Agricultural Land Resources

Appropriation Act, 1949	\$150,000,000
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture"	148,000
Anticipated 1949 Supplemental Appropriation for Additional Marketing Quota Programs	14,000,000
Base for 1950	164,148,000
Budget Estimate, 1950	290,000,000
Increase, 1950	<u>+125,852,000</u>

The Agricultural Conservation Program is operated on a calendar (crop) year basis. The 1948 Program which closed on December 31, 1948 is financed from funds provided in the 1949 Agricultural Appropriation Act. In that Act, the Congress authorized the formulation and administration of 1949 programs (Agricultural Conservation, Tobacco, and Peanut Marketing Quota Programs) including administration, amounting to \$262,500,000. It is for these programs and for the formulation and administration of quota programs on corn, cotton, wheat, and rice that the 1950 Budget Estimate is submitted as reflected in the program summary below, and the project statement on the following pages.

Program Summary

(Including anticipated 1949 supplemental appropriations for additional marketing quota programs)

	1949	1950	Increase 1950 over 1949
Agricultural conservation program	\$150,148,000	\$257,043,439	\$+106,895,439
Marketing quota programs:			
Tobacco	2,597,729	2,599,026	+1,297
Peanuts	2,550,872	2,551,748	+876
Cotton	4,142,500	6,176,800	+2,034,300
Corn	4,228,500	8,549,100	+4,320,600
Wheat	5,592,000	13,000,000	+7,408,000
Rice	37,000	79,887	+42,887
Total programs	169,296,601	290,000,000	+120,703,399
Less advance purchase of conserva-			
tion materials from 1948			
appropriation	5,148,601	- -	- 5,148,601
Total appropriation or estimate...	164,148,000	290,000,000	+125,852,000

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	On a Program Basis				Increase or decrease
	1947	1948	1949	(Fiscal Year: (Fiscal Year: (Fiscal Year:	
				1947	
				1948	
				1949	
				1950	
	estimated	estimated	estimated	estimated	
<u>Agricultural Conservation Program</u>					
Conservation payments to farmers	\$245,433,444	\$129,422,179	\$231,302,894	\$101,880,715	
Allotments from program funds for program expenses:					
Division of Disbursement, Treasury Department	199,546	151,908	152,906	+998	
Office of Treasurer of the United States	21,190	20,725	16,400	-4,325	
General Accounting Office	154,165	251,673	260,800	+9,127	
Cost of Aerial Photographs	346,655	316,000	316,000	-	
Printing and binding	123,254	148,000	148,000	-	
Total	844,810	888,306	894,106	+5,800	
<u>Operating Expenses:</u>					
National and State:					
Production and Marketing Administration	4,606,813	4,957,323	4,970,695	+13,372	
Cooperating Agencies:					
Extension Service	809	1,000	1,000	-	
Forest Service	17,619	25,192	20,744	-4,448	
Office of Information	759	-	-	-	
Total, cooperating agencies	19,187	26,192	21,744	-4,448	
Total, National and State	4,626,000	4,983,515	4,992,439	+8,924	
County	14,854,000	14,854,000	19,854,000	+5,000,000	
Total obligations, Agricultural Conservation Program	265,758,254	150,148,000	257,043,439	106,895,439 (1)	
<u>Tobacco Marketing Quota Program</u>					
Operating expenses:					
National and State	624,000	669,729	671,026	+1,297	
County	1,896,000	1,896,000	1,896,000	-	
Total, operating expenses	2,520,000	2,565,729	2,567,026	+1,297	
Printing and binding	32,000	32,000	32,000	-	
Total obligations, Tobacco Marketing Quota Program	2,552,000	2,597,729	2,599,026	+1,297 (2)	

Project	On a Program Basis				Increase or decrease
	1947	1948	1949		
	Fiscal Year: (Fiscal Year: (Fiscal Year:				
	1948)	1949)	1950)		
	estimated	estimated	estimated		
<u>Peanut Marketing Quota Program</u>					
Operating expenses:					
National and State	\$400,000	\$430,872	\$431,748		+\$876
County	2,100,000	2,100,000	2,100,000		-
Total, operating expenses	2,500,000	2,530,872	2,531,748		+\$876
Printing and binding	15,000	20,000	20,000		-
Total obligations, Peanut Marketing Quota Program	2,515,000	2,550,872	2,551,748		+\$876 (2)
<u>Cotton Marketing Quota Program</u>					
Operating expenses:					
National and State	-	491,000	1,091,800		+600,800
County	-	3,641,000	5,009,000		+1,368,000
Total, operating expenses	-	4,132,000	6,100,800		+1,968,800
Printing and binding	-	10,500	76,000		+65,500
Total obligations, Cotton Marketing Quota Program	-	4,142,500	6,176,800		+2,034,300 (3)
<u>Corn Marketing Quota Program</u>					
Operating expenses:					
National and State	-	565,500	1,254,100		+688,600
County	-	3,588,000	7,220,000		+3,632,000
Total, operating expenses	-	4,153,500	8,474,100		+4,320,600
Printing and binding	-	75,000	75,000		-
Total obligations, Corn Marketing Quota Program	-	4,228,500	8,549,100		+4,320,600 (4)
<u>Wheat Marketing Quota Program</u>					
Operating expenses:					
National and State	-	793,000	2,164,100		+1,371,100
County	-	4,784,000	10,735,900		+5,951,900
Total, operating expenses	-	5,577,000	12,900,000		+7,323,000
Printing and binding	-	15,000	100,000		+85,000
Total obligations, Wheat Marketing Quota Program	-	5,592,000	13,000,000		+7,408,000 (5)
<u>Rice Marketing Quota Program</u>					
Operating expenses:					
County	-	37,000	79,887		+42,887
Total obligations, Rice Marketing Quota Program	-	37,000	79,887		+42,887 (6)
Total pay act costs	-	[595,486]	[804,696]		
Total available	270,825,254	169,296,601	290,000,000		+120,703,399

Project	On a Program Basis				Increase or decrease
	1947	1948	1949		
	(Fiscal Year: 1948)	(Fiscal Year: 1949)	(Fiscal Year: 1950)		
	estimated	estimated	estimated		
Adjustments:					
Difference in amount used for advance purchase of conservation materials and services from prior fiscal year's appropriation for current program and amount to be used for advance purchase of conservation materials and services from current fiscal year's appropriation for ensuing calendar year	-\$5,067,000	+\$4,851,399	- - -		-\$4,851,399
Received by loan from CCC	-37,635,000	-10,000,000	-10,000,000		- - -
Repayment of loan from CCC	- - -	- - -	+10,000,000		+10,000,000
Total appropriation or estimate including transfer in 1950 estimates and anticipated 1949 supplemental of \$14,000,000 for work on marketing quotas	228,123,254	164,148,000	290,000,000	+125,852,000	
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-123,254	-148,000	- - -		+148,000
Anticipated supplemental estimate for work on marketing quotas	- - -	-14,000,000	- - -		+14,000,000
Total appropriation or estimate	228,000,000	150,000,000	290,000,000	+140,000,000	

INCREASES

(1) An increase of \$106,895,439 for the Agricultural Conservation Program composed of:

(a) An increase of \$101,880,715 in financial assistance to farmers in carrying out approved soil-building and soil-and water-conserving practices.

In view of the recognized need for an enlarged program for soil and water conservation, the Congress increased the advance authorization for the development of the 1949 program.

The performance of conservation farming lags far behind conservation needs which have been intensified in recent years by heavy cropping to meet unprecedented domestic and export requirements. World conditions have required utilizing agricultural resources to a degree that has resulted in exposing the land to a far greater extent than usual to serious and irreparable damage in the event of unfavorable weather conditions. Conservation farming, on a nationwide basis, is needed to build up and maintain the Nation's agricultural resources.

The increased program authorization has permitted the formulation of a program which will more nearly meet conservation needs. Additional assistance will be available to farmers in their conservation efforts which will accelerate the rate of performance of needed conservation practices.

(b) An increase of \$5,000,000 in the limitation for operating expenses to permit increased use of county and community committeemen and other personnel for administering the Agricultural Conservation Program.

Funds available for the fiscal year 1949 to administer the Agricultural Conservation Program provide each of the 3,030 associations an average employment of about 66 days for the county committee, 71 days for the community committee and 444 days for all other county office personnel which is considered entirely inadequate.

The services of county and community committeemen are indispensable to the successful administration of the Agricultural Conservation Program. They possess first-hand knowledge of the urgent local conservation needs and the problems which confront the farmers in their conservation efforts. They can render invaluable assistance in developing county programs which will most effectively meet local needs and because of their close association with their farmer neighbors are in an excellent position to stimulate interest in the program.

The proposed increase would permit utilizing an additional 797,917 man days of association personnel, as follows:

Type of Personnel	: : Man-Days : Fiscal Year: : 1949	: : Man-Days : Fiscal Year: : 1950	: Proposed : Proposed: : Increase: : of : Man-Days: : Day	: : Rate : per : Day	: : Cost of : Proposed : Increase
County Committeemen....	201,221:	272,721:	71,500:	6.86:	\$490,490
Community Committeemen:	213,946:	849,327:	635,381:	6.06:	3,850,409
All Other Personnel....	1,346,426:	1,437,462:	91,036:	7.24:	659,101
Total Personnel.....	1,761,593:	2,559,510:	797,917:	-	5,000,000

Average per county association

	: : Man-Days : Fiscal Year: : 1949	: : Man-Days : Fiscal Year: : 1950	: Proposed : Proposed: : Increase: : of : Man-Days: : Day	: : Rate : per : Day	: : Cost of : Proposed : Increase
County Committeemen....	66:	90:	24:	6.86:	165
Community Committeemen:	71:	280:	209:	6.06:	1,267
All Other Personnel....	444:	474:	30:	7.24:	217
Total Personnel.....	581:	844:	263:	-	1,649

County Committee

The estimate of 90 man days for each association provides for 30 days of employment for each committeeman, an increase of 8 days. The increase would permit utilizing the services of committeemen to a greater extent during January, February, and March, the beginning months of the program year. During this period the new program is taken to the farmers, the signup campaign is conducted, farm plans are reviewed, notices of prior approval are prepared, appeals are heard, and applications for payment are approved. Additional use of committeemen at this time will do much toward obtaining conservation over and above that for which assistance is offered under the program.

The elected county committee is in charge of the office operations, makes policy determinations on local problems, and is responsible for the administration of the program in local areas. In addition, individual farmers have come to rely upon committeemen for assistance and advice in working out their problems. The amount of work in connection with the 1949 Agricultural Conservation Program for which the county committees are responsible is indicated by the following partial list of activities:

Farm worksheets	5,600,000
Performance reports	3,114,000
Applications for payment.	3,114,000
Conservation materials purchase orders (approx.).	4,000,000
Community committee elections	30,701
County committee elections.	3,030
Association expense vouchers and related forms. .	36,400
Summaries of expenditures	36,400
Claims for personal services and travel	1,127,000

Community Committee

The estimate includes sufficient funds to permit about 10 days of employment for each committeeman as compared with 2.5 days for the 1949 fiscal year.

The increase would permit community committeemen to devote more time to important phases of the program such as selection of practices, signup campaign, and review of farm worksheets.

The selection of practices involves a careful survey of local conservation needs, available sources of supplies, material, and equipment to complete practices, and acceptability of practices among the farmers to insure getting the most conservation with available funds. Committeemen select from the list of practices included in the National and State bulletins those practices for which assistance will be offered. If there is a specific need for a practice in the local area which is not included in the bulletins, committeemen may formulate a practice to be included as an approved practice.

During the signup campaign, committeemen would visit every farm in the community to explain the program and the assistance offered under the program. They would assist farmers in working out conservation needs on the individual farms and assist in selecting practices best adapted to the farm. Visits to individual farms would stimulate greater interest in the program and would result in a better understanding on the part of the farmer of the local conservation problems and of the practices which will most effectively conserve and improve agricultural resources.

The requested increase would provide approximately 474 days of office and field personnel employment for each association. This increase would provide full-time personnel in many of the associations which have been operating with part-time personnel.

(c) An increase of \$5,800 in transfers to cooperating agencies for issuing checks and the preaudit of applications for agricultural conservation payments.

(d) An increase of \$8,924 for additional Pay Act costs. The Postal Rate Revision and Federal Employees Salary Act of 1948, approved July 3, 1948 (Public Law 900) did not become effective until July 12, 1948, resulting in an increase on the part year basis of \$322 per employee in fiscal year 1949. The increase is requested to provide for Pay Act costs on a full year basis in fiscal year 1950, when the cost per person will be \$331.

(2) Increases of \$1,297 and \$876, respectively, for additional Pay Act costs, in the administration of Tobacco and Peanut Marketing Quota Programs for fiscal year 1950.

Administration of Acreage Allotments and
Marketing Quota Programs for Corn, Cotton, Wheat and Rice

Objective. To provide greater stability in production, marketing, prices, and growers' income. The aim of marketing quota programs is to prevent burdensome supplies of the basic agricultural commodities, and to provide a means whereby farmers effectively can adjust marketings in line with demand so as to obtain a fair price and a fair share of the available market.

The problem. The heavy production of grains and cotton in the 1948 crop year and the outlook for continued heavy production in 1949 indicates that it may be necessary to establish acreage or baleage allotments and marketing quotas on the 1950 crops of cotton, corn, wheat, and rice. Continued unrestricted production would result in the accumulation of burdensome supplies with consequent depression of prices and severe losses to growers. Moreover, the Agricultural Adjustment Act of 1938, as amended, provides that marketing quotas be proclaimed on the foregoing commodities when the total supply exceeds the normal supply by more than 10 percent for corn and rice, 20 percent for wheat, and 7 percent for cotton.

Plan of work. Adjustment programs have not been in effect on cotton, corn, wheat or rice since 1943. The proclamation of marketing quotas, therefore, will require an enormous amount of work incident to establishing acreage allotments, checking compliance with such allotments, holding referenda, and establishing and administering marketing quotas. This work will be performed by the Production and Marketing Administration branches at the departmental level and by the State and county PMA offices in the field.

Financial requirements. There are set forth below, by commodities, the amounts estimated to be required by type of work to be performed.

(3) An increase of \$2,034,300 for the administration of a marketing quota program for cotton.

This increase is to provide funds for the administration of a baleage allotment and marketing quota program for the 1950 crop of cotton as indicated.

	: Per 1000s :	: Average :	
	: Per 1000s: Total :	: rate :	: Total
	: allotments: man-days :	: (rounded):	: cost
National and State Offices:	: (man-days):	:	:
Personal services.....	: 46.3 : 69,450:	\$12.35 :	\$857,739
Travel.....	: 11.5 : 17,261:	7.50 :	129,454
All other obligations.....	: \$ 69.74 : - - :	- - :	104,607
Total National and State :	- - : - - :	- - :	1,091,800
County associations:	: (man-days):	:	:
County Committee.....	: 111 : 166,500:	6.86 :	1,142,190
Community Committee.....	: 171.9 : 257,850:	6.06 :	1,562,571
All other personnel.....	: 173 : 259,500:	7.24 :	1,878,869
Total personnel.....	: 455.9 : 683,850:	- - :	4,583,630
	: (miles) : (miles) :	:	:
Travel.....	: 850 : 1,275,000:	0.05 :	63,750
All other expenses.....	: \$ 241.08 : - - :	- - :	361,620
Total county.....	- - : - - :	- - :	5,009,000
Printing and binding.....	: 50.67 : - - :	- - :	76,000
Total estimate, 1950.....	- - : - - :	- - :	6,176,800
Anticipated supplemental, :	:	:	:
1949.....	- - : - - :	- - :	4,142,500
Increase, 1950.....	- - : - - :	- - :	2,034,300

Estimated total allotments... 1,500,000

(4) An increase of \$8,549,100 for the administration of a marketing quota program for corn.

This increase is to provide funds for the administration of an acreage allotment and marketing quota program for the 1950 crop of corn as indicated.

	: Per 1000 : :allotments:	: Total : : man-days	: Average : : rate : :(rounded):	: Total : : cost
National and State offices:	:(man-days):	:	:	:
Personal services.....	: 52.7 :	: 79,050:	: \$12.46 :	: \$985,230
Travel.....	: 13.1 :	: 19,704:	: 7.50 :	: 147,778
All other obligations.....	: \$80.72 :	: - - :	: - - :	: 121,092
Total National and State.	: - - :	: - - :	: - - :	: 1,254,100
County associations:	:(man-days):	:	:	:
County Committee.....	: 134.2 :	: 201,300:	: 6.86 :	: 1,330,918
Community Committee.....	: 173.9 :	: 260,850:	: 6.06 :	: 1,580,751
All Other Personnel.....	: 314.0 :	: 471,000:	: 7.24 :	: 3,410,076
Total personnel.....	: 622.1 :	: 933,150:	: - - :	: 6,371,745
Travel.....	:(miles) :	:(miles) :	:	:
All other expenses.....	: 5,480 :	: 9,720,000:	: 0.05 :	: 486,000
Total county.....	: \$241.50 :	: - - :	: - - :	: 362,255
Printing and binding.....	: - - :	: - - :	: - - :	: 7,220,000
Increase, 1950.....	: \$50.00 :	: - - :	: - - :	: 75,000
	: - - :	: - - :	: - - :	: 8,549,100
Estimated total allotments...	1,500,000			

(5) An increase of \$7,408,000 for the administration of a marketing quota program for wheat.

This increase is to provide the funds for the administration of an acreage allotment and marketing quota program for the 1950 crop of wheat as indicated.

	: Per 1000	: Total	: Average	:
	: allotments	: man-days	: rate	: Total
	:	:	: (rounded)	: cost
National and State offices:	:(man-days):	:	:	:
Personal services.....	: 67.35 :	: 134,700:	: \$12.62 :	: \$1,700,160
Travel.....	: 16.6 :	: 33,285:	: 7.50 :	: 249,635
All other obligations.....	: \$107.15 :	: - :	: - :	: 214,305
Total National and State.	: - :	: - :	: - :	: 2,164,100
County associations:	:(man-days):	:	:	:
County Committee.....	: 160.0 :	: 320,000:	: 6.86 :	: 2,195,200
Community Committee.....	: 214.2 :	: 428,400:	: 6.06 :	: 2,596,104
All other personnel.....	: 315.3 :	: 630,600:	: 7.24 :	: 4,565,536
Total personnel.....	: 689.5 :	: 1,379,000:	: - :	: 9,356,840
	:(miles) :	:(miles) :	:	:
Travel.....	: 7,960 :	: 15,920,000:	: 0.05 :	: 796,000
All other expenses.....	: \$291.53 :	: - :	: - :	: 583,060
Total county.....	: - :	: - :	: - :	: 10,735,900
Printing and Binding.....	: \$50.00 :	: - :	: - :	: 100,000
Total estimate, 1950.....	: - :	: - :	: - :	: 13,000,000
Anticipated supplemental 1949	: - :	: - :	: - :	: 5,592,000
Increase, 1950.....	: - :	: - :	: - :	: 7,408,000

Estimated total allotments... 2,000,000

(6) An increase of \$79,887 for the administration of a marketing quota program for rice.

This increase is to provide funds for the administration of an acreage allotment and marketing quota program for the 1950 crop of rice as indicated.

	: Per 1000	: Total	: Average	: Total
	: allotments:	: man-days	: (rounded):	: cost
County associations:	:(man-days):			
County Committee.....	214	2,354	\$6.86	\$16,148
Community Committee.....	300	3,300	6.06	19,998
All other personnel.....	488	5,368	7.24	38,862
Total personnel.....	1,002	11,022	- -	75,008
	:(miles)	:(miles)		
Travel.....	4,100	45,100	0.05	2,255
All other expenses.....	\$238.59	- -	- -	2,624
Total county.....	- -	- -	- -	79,887
Increase, 1950.....	- -	- -	- -	79,887

Estimated total allotments.... 11,000

Marketing Quota Estimates, Fiscal Year 1950, County Agricultural Conservation Associations
By Work Project, Class of Expense and Commodity
(Man-days and Amounts are for 1,000 Allotments)

Work Project	Cotton			Corn			Wheat			Rice		
	Rate:	per :	Man :	Rate:	per :	Man :	Rate:	per :	Man :	Rate:	per :	Man :
	day :	Days :	Amount :	day :	Days :	Amount :	day :	Days :	Amount :	day :	Days :	Amount :
(1) Collecting data and reconstituting farms:												
County Committee	\$6.86:	1.0:	\$ 6.86:	1.0:	\$ 6.86:	1.0:	\$ 6.86:	3.0:	\$ 20.58			
Community Committee	6.06:	19.9:	120.59:	16.0:	96.96:	16.0:	96.96:	46.0:	278.76			
All Other Personnel	7.24:	6.0:	43.44:	6.0:	43.44:	6.0:	43.44:	25.0:	181.00			
Total personnel		26.9:	170.89:	23.0:	147.26:	23.0:	147.26:	74.0:	480.34			
(2) Reviewing, Processing and Recording basic data:												
County Committee	6.86:	7.0:	48.02:	9.0:	61.74:	9.0:	61.74:	27.0:	185.22			
Community Committee	6.06:	- :	- :	- :	- :	- :	- :	8.0:	48.48			
All Other Personnel	7.24:	8.0:	57.92:	8.0:	57.92:	8.0:	57.92:	30.0:	217.20			
Total personnel		15.0:	105.94:	17.0:	119.66:	17.0:	119.66:	65.0:	450.90			
(3) Determination of farm allotments and yields:												
County Committee	6.86:	1.0:	6.86:	1.0:	6.86:	1.0:	6.86:	3.0:	20.58			
Community Committee	6.06:	- :	- :	- :	- :	- :	- :	- :	-			
All Other Personnel	7.24:	30.0:	217.20:	35.0:	253.40:	35.0:	253.40:	55.5:	401.82			
Total Personnel		31.0:	224.06:	36.0:	260.26:	36.0:	260.26:	58.5:	422.40			
(4) Review of allotments:												
County Committee	6.86:	5.0:	34.30:	5.0:	34.30:	5.0:	34.30:	13.0:	89.18			
Community Committee	6.06:	5.0:	30.30:	5.0:	30.30:	5.0:	30.30:	13.0:	78.78			
All Other Personnel	7.24:	- :	- :	- :	- :	- :	- :	- :	-			
Total personnel		10.0:	64.60:	10.0:	64.60:	10.0:	64.60:	26.0:	167.96			
(5) Appeals:												
County Committee	6.86:	9.0:	61.74:	12.0:	82.32:	12.0:	82.32:	22.0:	150.92			
Community Committee	6.06:	- :	- :	- :	- :	- :	- :	- :	-			
All Other Personnel	7.24:	10.0:	72.40:	13.0:	94.12:	13.0:	94.12:	22.0:	159.28			
Total personnel		19.0:	134.14:	25.0:	176.44:	25.0:	176.44:	44.0:	310.20			

Work Project	Cotton			Corn			Wheat			Rice		
	Rate	Man		Man		Man		Man		Man		
	per day	Days	Amount	Days	Amount	Days	Amount	Days	Amount	Days	Amount	
(6) Preparation and Mailing of Notices:												
County Committee	\$6.86	2.0	\$ 13.72	2.0	\$ 13.72	2.0	\$ 13.72	2.0	\$ 13.72	2.0	\$ 13.72	
Community Committee	6.06	-	-	-	-	-	-	-	-	-	-	
All Other Personnel	7.24	5.0	36.20	5.0	36.20	5.0	36.20	5.0	36.20	5.0	36.20	
Total personnel		7.0	49.92	7.0	49.92	7.0	49.92	7.0	49.92	7.0	49.92	
(7) Referendum:												
County Committee	6.86	15.0	102.90	15.0	102.90	40.8	279.89	27.0	185.22			
Community Committee	6.06	32.0	193.92	22.0	133.32	62.3	377.54	50.0	303.00			
All Other Personnel	7.24	2.0	14.48	2.0	14.48	3.3	23.89	3.5	25.34			
Total personnel		49.0	311.30	39.0	250.70	106.4	681.32	80.5	513.56			
(8) Measurement of farms:												
County Committee	6.86	64.5	442.47	65.0	445.90	65.0	445.90	90.0	617.40			
Community Committee	6.06	115.0	696.90	115.0	696.90	115.0	696.90	167.1	1,012.63			
All Other Personnel	7.24	53.5	387.34	55.0	398.20	55.0	398.20	75.0	543.00			
Total personnel		233.0	1,526.71	235.0	1,541.00	235.0	1,541.00	332.1	2,173.03			
(9) Computation of Acreages:												
County Committee	6.86	6.5	44.59	6.0	41.16	6.0	41.16	8.8	60.37			
Community Committee	6.06	-	-	-	-	-	-	-	-			
All other personnel	7.24	58.5	423.54	58.0	419.92	58.0	419.92	105.0	760.20			
Total personnel		65.0	468.13	64.0	461.08	64.0	461.08	113.8	820.57			
(10) Preparation and issuance of marketing quota notices:												
County Committee	6.86	-	-	6.0	41.16	6.0	41.16	6.0	41.16	6.0	41.16	
Community Committee	6.06	-	-	7.0	42.42	7.0	42.42	7.0	42.42	7.0	42.42	
All other personnel	7.24	-	-	44.0	318.56	44.0	318.56	64.0	463.36	64.0	463.36	
Total personnel		-	-	57.0	402.14	57.0	402.14	77.0	546.94	77.0	546.94	

Marketing Quota Estimates, Fiscal Year 1950, National and State Office Expenses
By Work Project, Class of Expense and Commodity
(Man-days and Amounts are for 1,000 Allotments)

	Cotton			Corn			Wheat		
	Man	Days	Amount	Man	Days	Amount	Man	Days	Amount
(1) Preparation of regulations, instructions and procedures for and supervision of collection, reviewing, processing and recording basic crop data; conducting instructional meetings and compiling basic data:									
Personal services	10.9		\$132.58	6.7		\$78.36	9.7		\$116.62
All other expenses	-		34.12	-		8.96	-		19.53
Total	10.9		166.70	6.7		87.32	9.7		136.15
(2) Preparation of regulations, instructions and procedures for and supervision of the determination of farm allotment and yields; conducting instructional meetings; computation and compilation of allotments and yields and review of acreage allotments:									
Personal services	12.3		156.17	8.1		101.65	11.02		139.50
All other expenses	-		43.68	-		18.41	-		28.32
Total	12.3		199.85	8.1		120.06	11.02		167.82
(3) Preparation of regulations, instructions and procedures for and supervision of the referendum and compilation and determination of its result:									
Personal services	10.9		132.58	6.7		78.36	9.7		116.62
All other expenses	-		34.12	-		8.96	-		19.53
Total	10.9		166.70	6.7		87.32	9.7		136.15
(4) Preparation of instructions and procedures for and supervision of the measurement and computation of planted acreages; conducting instructional meetings; spot checking acreage measurements and computation of acreage spot-checked:									
Personal services	12.2		150.47	9.3		114.14	12.2		152.40
All other expenses	-		44.13	-		28.96	-		39.61
Total	12.2		194.60	9.3		143.10	12.2		192.01

Work Project		Cotton		Corn		Wheat	
		Man	Days	Man	Days	Man	Days
		Amount	Amount	Amount	Amount	Amount	Amount
(5) Preparation of regulations, instructions and procedures for and supervision of the determination of producers quotas, the issuance of marketing cards the collection and disposition of penalties, etc.; assistance to counties on violations and work with other branches, bureaus and departments on penalty collections:							
Personal services		-	-	11.8:	\$164.36:	14.73:	\$ 204.92
All other expenses		-	-	-	43.96:	-	54.67
Total		-	-	11.8:	208.32:	14.73:	259.59
(6) Audit of association records:							
Personal services		-	-	10.1:	119.95:	10.0:	120.02
All other expenses		-	-	-	70.00:	-	70.31
Total		-	-	10.1:	189.95:	10.0:	190.33
Total per 1000 allotments:							
Personal services		46.3:	\$571.80:	52.7:	656.82:	67.35:	850.08
All other expenses		-	156.05:	-	179.25:	-	231.97
Total, National and State expenses		46.3:	727.85:	52.7:	836.07:	67.35:	1,082.05
Printing and Binding		-	50.67:	-	50.00:	-	50.00
Total estimate 1950 (National and State expenses)		-	\$1,091,800:	-	\$1,254,100:	-	\$2,164,100
Total estimate 1950 (Printing and Binding)		-	76,000:	-	75,000:	-	100,000

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

- For expenses necessary to enable the Secretary to carry into effect the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended (16 U.S.C. 590g-590q), and the provisions of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407) (except the provisions of sections 201, 202, 303, 381, and 383 and the provisions of titles IV and V), including personal services in the District of Columbia; not to exceed \$6,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States; \$150,000,000
- 1 and for the replacement of one passenger motor vehicle for use of the Production and Marketing Administration; \$290,000,000, to remain available until December 31, 1949.] of the next succeeding fiscal year for compliance with programs under said provisions of the Agricultural Adjustment Act of 1938, as amended, and the Act of February 29, 1936, as amended, pursuant to the provisions of the 1948/ 1949 programs carried out during the period July 1, 1947/ 1948, to December 31, 1948/ 1949, inclusive: PROVIDED, That not to exceed \$24,500,000/ \$57,500,000 of the total sum provided under this head shall be available during the current fiscal year, for salaries and other administrative expenses for carrying out such programs, including the tobacco and peanut marketing quota programs/
- 2 the agricultural conservation program formulated under the provisions of the Act of February 29, 1936, as amended, and other programs with respect to any commodity for which the Secretary may establish acreage allotments or proclaim marketing quotas pursuant to the provisions of the Agricultural Adjustment Act of 1938, as amended, the cost of aerial photographs, however, not to be charged to such limitation; but not more than \$7,000,000/ \$11,000,000 shall be transferred to the appropriation account, "Administrative expenses, section 392, Agricultural Adjustment Act of 1938": PROVIDED FURTHER, That payments to claimants hereunder may be made upon the certificate of the claimant, which certificate shall be in such form as the Secretary may prescribe, that he has carried out the conservation practice or practices and has complied with all other requirements as conditions for such payments and that the statements and information contained in the application for payment are correct and true, to the best of his knowledge and belief, under the penalties of the Act of March 4, 1909, as amended (18 U.S.C. 80): PROVIDED FURTHER, That none of the funds herein appropriated or made available for the functions assigned to the Agricultural Adjustment Agency pursuant to the Executive Order Numbered 9069, of February 23, 1942, shall be used to pay the salaries or expenses of any regional information employees or any State or county information employees, but this shall not preclude the answering of inquiries or supplying of information to individual farmers: PROVIDED FURTHER, That such amount shall be

- available for salaries and other administrative expenses in connection with the formulation and administration of the 1949 1950 programs (amounting to \$262,500,000, including administration, and formulated on the basis of a distribution of funds available for payments and grants among the several States in accordance with their conservation needs as determined by the Secretary: Provided further, That the proportion allocated to any State shall not be reduced more than 15 per centum from the 1946 distribution and that no participant shall receive more than \$750) of soil-building practices and soil-and-water-conservation conserving practices, under the Act of February 29, 1936, as amended, and programs under the Agricultural Adjustment Act of 1938, as amended; but the payments or grants under such program shall be conditioned upon the utilization of land with respect to which such payments or grants are to be made, in conformity with farming practices which will encourage and provide for soil-building and soil-and-water-conserving practices in the most practical and effective manner and adapted to conditions in the several States, as determined and approved by the State committee appointed pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended for the respective States: Provided further, That the Secretary may, in his discretion, from time to time transfer to the General Accounting Office such sums as may be necessary to pay administrative expenses of said office in auditing payments under this item: Provided further, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other farming materials, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out farming practices approved by the Secretary.
- 4 under programs provided for herein: Provided [further, That the Secretary is authorized and directed to make payments to farmers who complied with the terms and conditions of the agricultural conservation programs, formulated pursuant to sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, if the Secretary determines that, because of induction into the armed forces of the United States, such farmers failed to file, or were prevented from filing, applications for payment under any such program during the period the applicable appropriation for such program was available for obligation, such payments to be made out of the unobligated balance of the appropriation, "Conservation and use of agricultural land resources", in the Department of Agriculture Appropriation Act, 1946: Provided further, That an application for payment on the prescribed form is filed by any such farmer (or person entitled to payment in case of death, disappearance, or incompetency of the farmer under regulations issued pursuant to section 385 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C., 1940 edition, 1385)) within one year from the date of his discharge from the armed forces, or by December 31, 1948, whichever is later: and Provided further, That no part of any funds available to the Department, or any bureau, office, corporation, or other agency constituting a part of such Department shall be used in the current fiscal year for the payment of salary or travel expenses of any person who has been

convicted of violating the Act entitled "An Act to prevent pernicious political activities", approved August 2, 1939, as amended, or who has been found in accordance with the provisions of section 6 of the Act of July 11, 1919 (18 U.S.C. 201), to have violated or attempted to violate such section which prohibits the use of Federal appropriations for the payment of personal services or other expenses designed to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation by Congress except upon request of any Member or through the proper official channels.

Other than the usual changes in your dates applicable to the programs covered by the appropriation and the period of availability thereof, and minor changes for the sake of uniformity, the estimates include proposed changes in the language of the item as follows:

The first change in language provides for the replacement of the automobile used by officials of the Production and Marketing Administration. The car now being used was purchased in the fiscal year 1942 and is now unreliable and expensive to operate.

The second change in language deletes the words "the tobacco and peanut marketing quota programs" and inserts in lieu thereof the following language "the agricultural conservation program formulated under the provisions of the Act of February 29, 1936, as amended, and other programs with respect to any commodity for which the Secretary may establish acreage allotments or proclaim marketing quotas pursuant to the provisions of the Agricultural Adjustment Act of 1938, as amended".

It is anticipated that it will be necessary to proclaim acreage or baleage allotments and marketing quotas on commodities other than peanuts and tobacco during the 1950 fiscal year. Since funds for the administration of such programs are included in this item it appears advisable to broaden the reference to the acreage allotment and marketing quota programs for which administrative expenses provided by this item may be used.

The third change in language provides an authorization for 1950 programs amounting to \$262,500,000, including administration of acreage allotments and marketing quotas as well as payments to farmers and related expenses.

The fourth change in language deletes the language directing and authorizing the Secretary to make payments to farmers who complied with the terms and conditions of the Agricultural Conservation Programs but were unable to file because of induction into the armed forces of the United States.

This language was inserted originally in the 1947 Appropriation Act so that it would not be necessary for veterans to submit such claims to the Congress under the Act of April 10, 1928. It is believed that sufficient time has elapsed to permit the filing of all such claims. It is recommended that the language be eliminated in 1950 and if subsequent claims are filed, they be handled under the Meritorious Claims Act.

STATUS OF PROGRAM

Agricultural Conservation Program

The Nation's soil and water problems start on the individual farms. The preservation of the Nation's agricultural resources, then, is dependent upon the positive performance by individual farmers of measures needed to build up and maintain the resources on their farms.

Approach

To obtain the needed performance a program must deal with the individual farmer and his farm - with the conservation problems on each farm and with the practices that must be carried out to maintain permanently the productive resources on each farm. The Agricultural Conservation Program uses this approach to the national soil and water conservation problem and offers assistance in cash or conservation materials and services to encourage farmers to adopt new practices or to increase the performance of needed practices.

Conservation Needs

The Agricultural Conservation Program is based upon conservation needs as determined by the State Committees. Conservation needs are estimated upon the basis of the physical characteristics of the land, climatic conditions, crops which are grown (taking into consideration the present acreage of cropland which is unsuitable for continuous cropping and which should be returned to permanent cover) and the extent of a particular practice needed to prevent wind or water erosion, to conserve and better utilize water for agricultural use, and maintain or improve soil productivity.

Types of Practices

As a rule, the performance of a single practice will not meet the conservation needs on a farm. It usually requires the use of a combination of practices - the construction of various mechanical structures and the adoption of improved agronomic practices on each farm and ranch. The practices required to meet conservation needs generally fall into four major classes:

1. Construction practices such as terracing to prevent erosion, leveling land to permit more efficient use of irrigation water, building dams to encourage better distribution of grazing and to aid in flood control, etc.
2. Establishing pastures of perennial grasses and other permanent cover.
3. Growing annual cover crops such as winter or annual legumes to replace humus in the soil and to provide a cover to protect the land from wind or water erosion.

4. Applying minerals such as lime and phosphate to pasture and hayland sods to aid in establishing vegetative cover that is essential in conserving soil and water resources.

Variation in Practices and Practice Specifications

The national program is based upon State Committee recommendations and includes those practices for which the need is the greatest. Extreme variations in conservation problems, types of farming and farming operations require considerable latitude for local adaptation. Conservation needs on a fruit farm in New York, a dairy farm in Michigan, an irrigated general farm in California, a wheat farm in Nebraska, a cotton farm with twenty families in the Mississippi Delta, a cattle ranch in Texas, and a truck farm in New Jersey, differ widely as to measures and intensity. The National Bulletin which sets forth authorized practices for the entire country therefore provides maximum flexibility in the selection of practices and in establishing rates of assistance (within the maximum set forth in the Bulletin) so that States and counties may develop programs and emphasize practices which meet their particular problems.

Likewise, conservation practice specifications for a particular practice are not the same in all States. For instance, the best time of seeding for a winter cover crop may vary from State to State and a good terrace in Kansas may differ somewhat from a good terrace in Georgia because of different soil and climatic conditions although the specifications for each are the result of practical experience and designed to meet the need in each area. The variation in specifications for practices provides the additional flexibility needed to adapt practices to meet local needs.

State and County Practices

The practices and the practice specifications are included in a State program after consultation with the State Technical Advisory Committee which is made up of representatives of the various Federal and State Agricultural Agencies in the State. Consequently, practices included in the program reflect the work of State technical and research agencies and the entire fund of research knowledge and experience is brought directly into the formulation of the program.

Before a practice is included in a State or county program it must meet the following criteria:

1. The practice will meet a definite agricultural conservation need.
2. Adequate specifications can be provided.
3. The practice can be administered in a practicable manner.

Contributions by farmers

The assistance given to farmers in cash or conservation materials and services under the Agricultural Conservation Program represents only a portion of the total cost of carrying out a practice. All assistance is contingent upon actual performance of approved soil-building and soil- and water-conserving practices in accordance with specifications.

Farmer administration

The Agricultural Conservation Program is administered by county and community committees of farmers and by a State Committee of farmers. These committees have full responsibility for the field administration of the program. The organization of the committees is as follows:

Community committee -- composed of not more than three members elected annually by members of the county agricultural conservation association. Any farmer who participates or cooperates in a program formulated pursuant to the provisions of the Soil Conservation and Domestic Allotment Act, the Agricultural Adjustment Act of 1938, the Federal Crop Insurance Act, or the Sugar Act is a member of the association. The members of the association also annually elect a delegate to the county convention for the purpose of electing the county committee.

County committee -- composed of three farmer members elected by the delegates to the county convention. If the county agent is not elected secretary of the committee he becomes an ex-officio member of the committee.

State committee -- composed of not less than three nor more than five farmers who are legal residents of the State, appointed by the Secretary, with the State Director of Extension as an ex-officio member. The State Committee works very closely with the State Technical Advisory Committee.

Ex-officio members are in addition to the regular members of the Committee.

The committee setup provides for farmer administration and encourages practical adaptation of the program to local conservation needs.

1947 Agricultural Conservation Program Accomplishments

Over 3,000,000 farmers participating in the 1947 Agricultural Conservation Program carried out one or more practices on farms embracing 718,299,748 acres or about 60 percent of the Nation's total farmland. These farmers performed nearly 5,000,000 individual practices on their farms to preserve and maintain soil and water resources. Although complete data on the 1947 program are not yet available there are listed examples of the extent to which a few of the practices were carried out under the 1947 Agricultural Conservation Program.

Lime and phosphate -- More than 29,000,000 tons of lime and approximately 3,000,000 tons of phosphate were spread to grow conserving crops such as grasses and legumes which are instrumental in improving soil fertility and in reducing erosion.

Green manure and cover crops -- Green manure and cover crops were planted on 18,441,119 acres. Cover crops prevent erosion and leaching and help to prevent the runoff of water. Green manure crops, when turned under, add organic matter and plant food to the soil.

Stockponds -- Approximately 68,500 stockponds were built to encourage a better distribution of grazing, to prevent overgrazing near watering places, to increase production per acre of grass and to aid in flood control.

Contour farming -- In areas where contour farming, one of the most effective means of controlling erosion on moderately sloping fields, is not carried out generally, farmers received assistance for planting more than 6,000,000 acres of row crops and 2,500,000 acres of close-seeded crops on the contour.

Stripcropping -- Field stripcropping, one of the most effective means of controlling wind erosion was carried out on more than 7,000,000 acres of land.

Participation -- A report of participation and selected practices carried out under the 1947 Agricultural Conservation Program compared with the 1946 program is attached as Table I.

1948 Agricultural Conservation Program

The 1948 Agricultural Conservation Program was not completed until the end of the 1948 calendar year. Since payments are not made until performance has been accomplished on the farm it is not possible to summarize reports until after the completion of the program year. Therefore, no data are available at this time as to the extent of individual practices that were carried out under the program or the number of farms that participated. Preliminary indications are, however, that because of the limited funds available for the 1948 program and the payment limitation of \$500 there will be a substantial reduction in participation and in the volume and extent of practices carried out.

To develop a 1948 program to come within available funds it was necessary to make adjustments by --

- (1) lowering rates of assistance
- (2) reducing the number of practices in local areas for which assistance was offered
- (3) reducing individual farm allowances

Due to these necessary adjustments many farmers probably did not participate in the program. Small farmers, tenants, and share croppers were not financially able to carry out conservation practices to any extent without assistance. On the larger farms conservation projects are carried out on a large scale and require a substantial expenditure of funds. The small individual farm allowance coupled with the \$500 limitation on

TABLE I

Participation and Selected Practices Carried out under the
1947 Agricultural Conservation Program Compared with the 1946 Program

Item	Unit	1946 Extent:	Preliminary 1947 1/
Total farms	Number	2/	5,779,640
Number of participating farms ..	Number	2,849,090:	2,729,794
Number of payees	Number	3,205,131:	3,032,373
Farm land on all farms	Acres	2/	1,226,021,492
Farm land on participating farms:	Acres	2/	718,299,748
Cropland on all farms	Acres	465,802,000:	471,498,487
Cropland on participating farms :	Acres	307,900,000:	299,212,773
Noncrop pasture and range acreage on all farms	Acres	558,596,000:	564,199,781
Noncrop pasture and range acreage on participating farms	Acres	318,741,000:	309,782,477
Terraces	(1,000 ft.:	411,226:	462,104
	Acres	1,561,684:	1,677,533
Contouring intertilled crops	Acres	6,714,987: 3/	6,192,275
Contouring close-sown crops	Acres	3,700,157: 3/	2,564,775
Field stripcropping	Acres	6,094,960:	6,304,640
Dams for livestock	No. Struc.:	86,982:	68,930
Planting trees	Acres	43,801:	45,179
Seeding pastures	Acres	4,387,822:	5,229,558
Green manure and cover	Acres	18,424,454:	18,549,644
Superphosphate (Basis 20% P ₂ O ₅)..	(Tons	2,705,135:	2,745,874
	Acres	20,297,595:	20,783,230
Standard ground limestone or	(Tons	28,576,208:	29,285,677
equivalent 4/	Acres	14,288,485:	14,590,407

- 1/ Many states carried some of these practices as "local" practices.
The extent of such practices is not included here.
- 2/ Not reported for 1946 program
- 3/ Excluding cross-slope farming
- 4/ Includes all liming materials expressed as ground limestone equivalent

individual farms have discouraged this group of farmers from undertaking large conservation projects. This is especially true in the case of practices such as water conservation developments which cannot be carried out effectively or economically when undertaken on a piecemeal basis.

1949 Agricultural Conservation Program

The 1949 program has been formulated and announced in accordance with the authorization contained in the 1949 Agricultural Appropriation Act. States have also been notified of their tentative allocations for the 1949 program. The increased amount available for payments to farmers has permitted the Department to develop a program which more nearly meets conservation needs than did the 1948 program.

The performance of conservation practices lags far behind conservation needs which have intensified by heavy cropping in recent years to meet unprecedented domestic and foreign requirements. The great increase in intertilled crops in the corn belt and in wheat acreages in the Great Plains, for example, has exposed the land to a far greater extent than usual to serious and irreparable danger in the event of unfavorable weather conditions. The 1949 program will focus emphasis on meeting the most urgent conservation needs first and the necessity for rehabilitating the agricultural resources which during the past seven years have been forced to yield more food, feed, and fiber crops than in any previous period of equal length.

Large job ahead

In spite of the progress that has been made in conservation farming the minimum conservation needs stretch far beyond present performance. Past neglect to take positive action to maintain the agricultural resources on a sustained yield basis resulted in their misuse over a long period of years. An increasing awareness has been developed of the danger of soil erosion and depletion and of the obligation on the part of the Government to assist farmers in restoring and maintaining soil fertility. The Department has called the attention of the farmers to the conservation problem and to the methods for reducing soil losses. The incentive provided through financial assistance from the Federal Government encourages farmers to adopt these proven methods more quickly.

The Agricultural Conservation Program has provided the financial assistance which a majority of the farmers require. In this way the Agricultural Conservation Program facilitates and hastens conservation and provides more definite assurance to the nation that its agricultural resources will be more adequately safeguarded.

The job of restoring and maintaining soil fertility will be time consuming and expensive. It will be a continuing job--an over-changing job to meet ever-changing conditions.

Tobacco Marketing Quota Program

Purpose

The tobacco marketing quota program is designed to provide a means whereby farmers can effectively adjust marketings of tobacco in line with demands so as to obtain a fair price and enable each farmer to obtain a fair share of the available market.

In order to maintain supplies in line with needs, a national acreage allotment is established and apportioned to the States. State allotments are divided among the farms in the State. As a means of discouraging farmers from planting beyond allotted acreages, penalties are collected on the marketing of tobacco in excess of the farmer's marketing quota. The marketing quota for a farm is the actual production on the acreage allotment.

Referendum

Farmers voting in referenda favored quotas for flue-cured, burley, fire-cured and dark air-cured tobaccos as follows:

Date of Referendum	Kind of Tobacco	No. Farmers Voting	No. Farmers Favoring Quotas	% of Farmers Favoring Quotas	Marketing Years Covered
7 /12/46	Flue-cured	256,735	249,320	97.1%	1947-48; 1948-49; 1949-50
10/25/46	Burley	135,326	129,734	95.9%	1947-48; 1948-49; 1949-50
11/27/48	Fire-cured	20,508	19,915	97.1%	1949-50; 1950-51; 1951-52
11/27/48	Dark air-cured	17,223	16,824	97.7%	1949-50; 1950-51; 1951-52

Current Activities

For the 1948-1949 marketing year, quotas are in effect on four kinds of tobacco -- flue-cured, fire-cured, dark air-cured and burley. The marketing year for flue-cured tobacco began July 1, 1948 and will end June 30, 1949; for fire-cured, dark air-cured and burley tobaccos the marketing year began October 1, 1948 and end September 30, 1949.

Administration of a tobacco marketing quota program for any marketing year involves:

- (1) establishing allotments for individual growers and notifying such growers of their allotment
- (2) hearing any appeals that growers may make in connection with such allotments
- (3) determining by measurements acreages of tobacco harvested
- (4) identifying marketings made by farm operators through trade channels
- (5) collecting penalties on marketings of tobacco in excess of grower's marketing quota

(6) handling irregular cases with respect to growers, warehousemen and dealers

In addition to administering the marketing quota programs in effect for the 1948-1949 marketing year, work was done in connection with the referendum which was held in November 1948 on fire-cured and dark air-cured tobaccos. This involved the development and issuance of forms and instructions to State, county, and community referendum committees.

The acreage allotments by kinds of tobacco for 1947, 1948, and 1949 are shown below:

	1947 Crop 1947-48 Mktg. Year	1948 Crop 1948-49 Mktg. Year	1949 Crop 1949-50 Mktg. Year
Flue-cured	1,247,282.4	907,636	960,000 (Prelim.)
Burley	468,588.0	463,637	469,000 (Estimated)
Fire-cured	118,495.0	77,347	65,330
Dark air-cured	44,578.6	33,424	30,066
	<u>1,878,944.0</u>	<u>1,482,044</u>	

Revenues

Penalties which are collected under section 314 of the Agricultural Adjustment Act of 1938, as amended, are covered into the General Fund of the Treasury in accordance with the provisions of section 372 of the Act. The rate of penalty is 40 percent of the previous year's market price for the respective kind of tobacco. The following penalties have been collected since the tobacco marketing quota program has been in effect:

<u>Marketing Year</u>	<u>Amount</u>
1938-39	943,225
1939-40	Quotas not in effect
1940-41	666,432
1941-42	184,132
1942-43	428,317
1943-44	515,907
1944-45	1,739,894
1945-46	4,020,369
1946-47	3,971,695
1947-48	993,429

Peanut Marketing Quota Program

Referendum

On December 9, 1947, peanut growers voting in a referendum approved marketing quotas for the crop years 1948, 1949 and 1950. Of the 105,089 farmers voting, 92,136 or 87.7 percent favored quotas.

Suspension of quotas

Because of the world shortage of feed, fats, and oils, the Secretary, on January 2, 1948, suspended marketing quotas on the 1948 crop of peanuts.

Current activities

Even though quotas were suspended on the 1948 crop of peanuts it was necessary to continue the development of program regulations, procedures, program determinations and forms for use in connection with marketing quota programs for subsequent years. All such forms and procedures, etc. can be readily adapted for use in connection with future programs.

The 1948 peanut acreages are being determined by actual measurement in order to have accurate data to be used as a basis for establishing quotas for future years. A study of the program work in connection with the 1948 quotas revealed that allotments established at farm levels were inequitable in many areas due to the lack of individual farm acreage data. With this in mind it is deemed essential to obtain the best and most complete data possible.

Quota-1949 Crop

A marketing quota of 850,000 tons of 1949-crop peanuts and a national allotment of 2,611,367 acres was announced by the Department on November 30, 1948. This is a 20 percent reduction from the national average acreage of peanuts picked and threshed during the period 1943-1947 and 22 percent below the 1948 national acreage of 3,340,000 acres. State acreage allotments were announced on December 16, 1948.

1. The first part of the document is a list of names and addresses of the members of the committee.

2. The second part is a list of the names of the members of the committee.

3. The third part is a list of the names of the members of the committee.

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9. The ninth part is a list of the names of the members of the committee.

10. The tenth part is a list of the names of the members of the committee.

(c) Administrative Expenses, Section 392
Agricultural Adjustment Act of 1938

This appropriation account for National and State PMA offices was established pursuant to section 392 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account amounts estimated by the Secretary of Agriculture to be required for carrying out, or cooperating in carrying out, various programs assigned to the National and State PMA offices.

The State Committees, appointed pursuant to the provisions of section 8(b) of the Soil Conservation and Domestic Allotment Act, are in general administrative charge at the State level of all programs assigned to the Production and Marketing Administration. Within the framework of the national policy, they determine State policies and direct the adaptation of the national programs to the State.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations from which such transfers are made..

Transfers, 1949, as shown below	\$9,618,091
Anticipated supplemental, 1949	1,284,000
Base for 1950	10,902,091
Transfers, 1950, as shown below	14,164,305
Increase	<u>+3,262,214</u>

STATEMENT OF SOURCES, PURPOSES, AND AMOUNT OF FUNDS TRANSFERRED
(As Shown in Budget Schedules)

Purpose for which funds are transferred into this account	1948	1949 (estimated)	1950 (estimated)	Increase or decrease
Conservation and Use of Agricultural Land Re- sources:				
For administration of Agricultural Conser- vation Program.....	\$4,626,000:	\$4,983,515:	\$4,992,439:	+\$8,924
Marketing Quota Pro- grams	1,024,000:	2,384,601:	5,612,774:	+3,228,173
Total, Conservation and Use	<u>1/5,650,000:</u>	<u>2/7,368,116:</u>	<u>3/10,605,213:</u>	<u>+3,237,097</u>

- 1/ Includes allotments: Extension Service, \$809; Forest Service, \$17,619; Office of Information, \$759; Total, \$19,187.
- 2/ Includes allotments: Extension Service \$1,000; Forest Service, \$25,192; Total, \$26,192.
- 3/ Includes allotments: Extension Service, \$1,000; Forest Service, \$20,744; Total, \$21,744.

(Continued on next page)

Purpose for which funds are transferred into this account	1948	1949 (estimated)	1950 (estimated)	Increase or decrease
<u>Sugar Act:</u>				
For administration of sugar payment program...	\$657,550:	\$727,831:	\$729,260:	+\$1,429
<u>National School Lunch Act:</u>				
For services in con- nection with the School Lunch Program..	108,670:	116,406:	117,620:	+1,214
<u>Exportation and Domestic Consumption of Agricul- tural Commodities:</u>				
For services in con- nection with certain distribution and pur- chase programs.....	40,371:	80,172:	75,000:	-5,172
<u>Commodity Credit Corpora- tion:</u>				
For administration of commodity loan and purchase agreement programs	705,000:	1,520,114:	1,535,960:	+15,846
For services in connec- tion with price sup- port and purchase programs.....	726,824:	1,089,452:	1,101,252:	+11,800
Total, Commodity Credit Corporation.....	1,431,824:	2,609,566:	2,637,212:	+27,646
Total, Pay Act Costs.....	- -	/771,817/	/1,035,089/	
Total available	1/7,888,415:	2/10,902,091:	3/14,164,305:	+3,262,214
Anticipated Supplemental..	- -	-1,284,000:	- -	
Total appropriation or estimate.....	1/7,888,415:	2/9,618,091:	3/14,164,305:	

- 1/ Includes allotments: Extension Service, \$309; Forest Service, \$17,619; Office of Information, \$759; Total, \$19,187.
- 2/ Includes allotments: Extension Service, \$1,000; Forest Service, \$25,192; Total, \$26,192.
- 3/ Includes allotments: Extension Service, \$1,000; Forest Service, \$20,744; Total, \$21,744.

(d) Local Administration, Section 388

Agricultural Adjustment Act of 1938

This appropriation account for expenses of county agricultural conservation associations was established pursuant to sections 392(a) and 388(b) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account amounts estimated by the Secretary of Agriculture to be required for carrying out or cooperating in carrying out various programs assigned to the county PMA offices.

The county and community committees are responsible for the local administration of all programs of the Production and Marketing Administration dealing directly with farmers. The elected county committee is in charge of the county agricultural conservation offices.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations from which such transfers are made.

Transfers, 1949, as shown below	\$22,714,886
Anticipated supplemental 1949	8,425,000
Base for 1950	31,139,886
Transfers, 1950, as shown below	50,759,673
Increase	+19,619,787

STATEMENT OF SOURCES, PURPOSES, AND AMOUNTS OF FUNDS TRANSFERRED

Purpose for which funds are trans- ferred into this Account	1948	1949 (estimated)	1950 (estimated)	Increase or decrease
<u>Conservation and Use:</u>				
<u>of Agricultural</u>				
<u>Land Resources:</u>				
For administration:				
of Agricultural				
Conservation Pro-				
gram	\$14,854,000:	\$14,854,000:	\$19,854,000:	+\$5,000,000
Marketing Quota				
Programs	3,996,000:	12,421,000:	27,040,787:	+14,619,787
Total, Conservation	1/ 18,850,000:	2/ 27,275,000:	3/ 46,894,787:	+19,619,787
and Use				
<u>Sugar Act:</u>				
For administration				
of sugar payment				
program	385,000:	385,000:	385,000:	- -
<u>Commodity Credit</u>				
<u>Corporation:</u>				
For administration:				
of commodity loan;				
and purchase				
agreement programs	825,000:	3,479,886:	3,479,886:	- -

Purpose for which funds are transferred into this account	1948	1949 (estimated)	1950 (estimated)	Increase or decrease
Exportation and Domes-				
tic Consumption of				
Agricultural Commod-				
ities:				
For services render-				
ed in connection				
with certain				
distribution and				
purchase programs	142,855	--	--	--
Total available	<u>1/ 20,202,855</u>	<u>2/ 31,139,886</u>	<u>3/ 50,759,673</u>	+19,619,787
Anticipated Supple-				
mental	--	8,425,000	--	--
Total estimate or				
appropriation	<u>1/ 20,202,855</u>	<u>2/ 22,714,886</u>	<u>3/ 50,759,673</u>	--

- 1/ Includes allotment to Forest Service of \$96,314.
2/ Includes allotment to Forest Service of \$103,931.
3/ Includes allotment to Forest Service of \$105,419.

(e) Sugar Act

Appropriation Act, 1949	\$ 72,000,000
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture"	5,000
Base for 1950	<u>72,005,000</u>
Budget Estimate, 1950	<u>65,000,000</u>
Decrease, 1950	<u>- 7,005,000</u>

SUMMARY OF INCREASES AND DECREASES, 1950

Decrease due to completion of conditional payments to producers on the 1947 Puerto Rico crop	-12,600,000
Increase for conditional payments on the 1948 Puerto Rico crop	+860,707
Increase for conditional payments on the 1949 crop	+4,695,764
For increased administrative costs, including study of costs, returns, and related factors affecting the sugar beet industry	+38,529

PROJECT STATEMENT

(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)	Increase (+) or decrease (-)
1. Conditional pay- ments to sugar pro- ducers	\$53,726,523	\$70,544,806	\$63,501,277	\$-7,043,529 (1)
2. Expenses of county agricultural conservation asso- ciations	385,000	385,000	385,000	--
3. Administrative expenses, including: transfer to Section: 392, Agricultural Adjustment Act of 1938	862,727	1,045,195	1,084,446	+39,251 (2)
Transfer to "Admin- istration of Sugar Act, Department of Agriculture" (trans- fer to General Accounting Office) :	21,750	24,999	24,277	-722 (2)
Printing and Binding:	3,835	5,000	5,000	--
Allotment to "Inter- national Production: Control Committee" :	4,000	--	--	--
Total pay act costs.:	[--]	[69,649]	[73,767]	
Total available	55,003,835	72,005,000	65,000,000	-7,005,000

Project	1948	1949 (estimated)	1950 (estimated)	Increase (+) or decrease (-)
Transfer in 1950 es-				
times from				
"Printing and bind-				
ing, Department of				
Agriculture"	-3,835	-5,000	--	
Total appropriation				
or estimate	55,000,000	72,000,000	65,000,000	

INCREASES AND DECREASES

The net decrease of \$7,005,000 in this item for 1950 consists of the following:

(1) A net decrease of \$7,043,529 in conditional payments as follows:

(a) An increase of \$4,695,764 due to an increase in estimated production in 1949. Production is estimated at 4,434,000 tons for the 1949 crop, which based upon statutory rates set forth in the Sugar Act, will require \$62,640,570 as compared with 1948 production of 4,006,000 tons, on which payments amounting to \$57,944,806 are to be made out of the 1949 appropriation.

(b) An increase of \$860,707 due to an estimated increase in payments on the 1948 Puerto Rico sugar crop. Anticipated production will result in increased sugar inventories and the taking over of large land holdings (which will be broken up into smaller farming units) by the Government of Puerto Rico will increase the rate of payment per 100 pounds of sugar produced as well as the amount required for abandonment and deficiency payments.

(c) A decrease of \$12,600,000 due to the completion of conditional payments to producers on the 1947 Puerto Rico sugar crop.

The following tables indicate by programs, and by area, the payments to producers and the number of payees under the 1947, 1948 and 1949 sugar programs:

Crop Year	1948 Appropriation	1949 Appropriation	Budget Estimate 1950	Total on Program Year Basis
Payments on 1946 crop..	\$ 3,941,432	\$ --	\$ --	\$ --
Payments on 1947 crop..	49,768,383	12,600,000	--	62,368,383
Payments on 1948 crop..	--	57,944,806	860,707	58,805,513
Payments on 1949 crop..	--	--	62,640,570	62,640,570
	1/ 16,708	--	--	--
Total conditional payments.....	53,726,523	70,544,806	63,501,277	--
1/ Reserve for adjustment in payments and unpaid wage claims				

Area of Production	1947 Crop	1948 Crop (Estimated)	1949 Crop (Estimated)	Increase (+) or Decrease (-) 1949 Compar- ed with 1948
Payments to producers:				
Continental Beet Area	\$32,411,578	\$27,000,000	\$30,600,000	\$ +3,600,000
Continental Cane Area	6,304,037	7,300,000	7,000,000	-300,000
Hawaii	8,109,124	8,430,513	9,000,000	+569,487
Puerto Rico	15,500,000	16,000,000	15,943,251	-56,749
Virgin Islands	43,644	75,000	97,319	+22,319
Total	62,368,383	58,805,513	62,640,570	+3,835,057

Area of Production	1947 Crop	1948 Crop (Estimated)	1949 Crop (Estimated)
Number of Payees:			
Continental Beet Area	59,274	60,000	65,000
Continental Cane Area	9,630	11,550	10,025
Hawaii	1,467	1,500	1,500
Puerto Rico	13,437	14,000	14,000
Virgin Islands	534	550	550
Total	84,342	87,600	91,075

(2) A net increase of \$38,529 in the operating expenses consisting of the following:

(a) An increase of \$39,251 to cover additional expenses incident to the study of costs, returns and related factors affecting the sugar industry in the five sugar producing areas.

The lifting of wartime controls, together with important strides made in production and processing methods in recent years requires a continuing review of all the economic factors affecting the production and processing of sugar beets and sugarcane and the marketing of sugar to administer the wage and price provisions of the Sugar Act of 1948 properly and effectively.

(b) A decrease of \$722 in the transfer to General Accounting Office for preaudit of sugar payments.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of the item as follows (new language underscored; deleted matter enclosed in brackets):

- 1 To enable the Secretary to carry into effect the provisions of the Sugar Act of 1948 [,approved August 8, 1947 (Public Law 388), including such amount as is required to complete payments under the Sugar Act of 1937, as amended (7 U.S.C. 1100-1183), \$72,000,000] (7 U.S.C. 1101-1160), \$65,000,000,
- 2 to remain available until June 30 [, 1950] of the succeeding fiscal year: Provided, That expenditures (including
- 3 transfers) from this appropriation for other than payments to sugar producers shall not exceed [\$1,385,545] \$1,493,723.

The first change in language substitutes the U. S. Code reference to the Act of August 8, 1947 in lieu of the public law number, and deletes the words "including such amount as is required to complete payments under the Sugar Act of 1937, as amended (7 U.S.C. 1100-1183)" which are no longer necessary. The 1949 appropriation included an amount to pay off all obligations under the Sugar Act of 1937.

The second change substitutes the words "of the next succeeding fiscal year" for "1950" to make the necessary change in the period of availability of the appropriation. This amendment will make unnecessary any future annual changes to designate the appropriate period of fund availability.

The third change in language increases the amount of the administrative expense limitation from \$1,385,545 to \$1,493,723, to provide for Pay Act costs and the increase discussed above.

STATUS OF PROGRAM

The Sugar Program is designed to protect the welfare of consumers and of those engaged in the domestic sugar industry by assuring a supply of sugar at prices which will not be excessive to consumers and which will fairly and equitably maintain and protect the sugar industry of the United States.

Activities under the program include:

Estimating consumer requirements

1. Initial determination for the succeeding year is required to be made in December, taking into consideration all of the following factors in a manner which will attain the two objectives of maintaining the domestic sugar industry and providing sugar to consumers at prices which are not excessive:

- a. level of consumption during the preceding year
- b. any deficiency or surplus in inventories of sugar
- c. changes in population and demand conditions
- d. level and trend of consumers' purchasing power
- e. relationship between the prices at wholesale for refined sugar and the general cost of living in the United States prevailing during 1947 prior to the termination of price control on sugar

A public hearing with respect to the 1949 determination was held on November 15 and 16, 1948, at which a total of 24 witnesses testified and, in addition a substantial number of written statements were filed. All such testimony and statements were reviewed and carefully considered prior to the determination of consumption requirements for 1949.

2. Revision of initial estimate, as required. This necessitates a constant review of requirements as a basis for making revisions.

Establishing marketing quotas by areas

1. Quotas are based upon the consumption estimate
2. Quotas are established for the various domestic and foreign sugar producing areas as provided in the Act.
3. In the event any area is unable to fill its quota, the deficit is prorated in accordance with standards set forth in the Act.

Basic quotas, proration of deficits, and adjusted quotas as of December 9, 1948, are shown below:

Basic Quotas, Prorations of Deficits and Adjusted Quotas for 1948
(Short tons, raw value)

Production area	Proration of deficits in quotas					First and second : adjusted	
	Basic Quotas	first and second : Hawaiian	first and second : Philippine	first and second : Mainland : cane	first and second : Domestic : beet	first and second : adjusted	first and second : adjusted
Domestic beet	1,800,000	47,738	-	-	(160,000)	1,687,738	1,687,738
Mainland cane	500,000	13,260	-	(100,000)	-	413,260	413,260
Hawaii	1,052,000	(227,000)	-	-	-	825,000	825,000
Puerto Rico	910,000	44,835	-	27,601	41,320	1,023,756	1,023,756
Virgin Islands	6,000	159	-	-	-	6,159	6,159
Philippines	982,000	-	(742,000)	-	-	240,000	240,000
Cuba	1,923,480	121,008	704,900	72,399	118,680	2,940,467	2,940,467
<u>Other Foreign Countries</u>							
Dominican Republic	4,736.0	-	10,494.8	-	-	15,230.8	15,230.8
Republic of Haiti	654.5	-	1,269.4	-	-	1,923.9	1,923.9
Mexico	4,283.9	-	4,067.5	-	-	8,351.4	8,351.4
Nicaragua	2,122.5	-	-	-	-	2,122.5	2,122.5
Peru	7,893.3	-	17,491.4	-	-	25,384.7	25,384.7
Salvador	5,829.8	-	1,776.9	-	-	7,606.7	7,606.7
Unallotted	1,000.0	-	2,000.0	-	-	3,000.0	3,000.0
Subtotal	26,520.0	-	37,100.0	-	-	63,620.0	63,620.0
Total	7,200,000	-	-	-	-	7,200,000	7,200,000

1/ Figures for "Other foreign countries" represent adjusted basic prorations. However, by reason of section 204(c) of the act, each individual country retains its basic proration in effect on September 1.

Marketing allotments

Whenever the Secretary determines that the allotment of any quota or proration thereof is necessary in order to prevent disorderly marketing or importation or to enable all persons to market their fair share of the quota, he is required to allot such quota among the persons who normally market sugar from such area on the basis of standards set forth in the Act.

In 1948 it was necessary to allot only the direct consumption portion of the Puerto Rican quota. However, in future years it will undoubtedly be necessary to allot other quotas.

Payments to producers

1. Conditional payments--a producer of sugar beets and sugarcane may qualify for a payment by meeting the conditions set forth in the Act, as follows:

- a. nonemployment of child labor
- b. the payment of fair and reasonable wage rates prescribed by the Secretary
- c. the payment by producer-processors of fair and reasonable prices for sugar beets or sugarcane purchased
- d. the marketing of sugar beets or sugarcane within the proportionate share or acreage allotment established for a farm

2. Abandonment and deficiency payments--payments are also made with respect to bona fide abandonment of planted acreage and crop deficiencies of harvested acreage resulting directly from drought, flood, storm, freeze, disease, or insects which cause damage to all or a substantial part of the crop of sugar beets or sugarcane in the same local producing area.

The following table shows the total conditional payments, the abandonment and deficiency payments, and the number of payees for the 1946 and 1947 crop years.

Payments under Sugar Act of 1947, Number of Payees
Crop Years 1946 and 1947

	Total payments		Abandonment and deficiency payments		Payees	
	1946	1947*	1946	1947*	1946	1947*
Continental						
sugar beet						
area	27,761,450	32,548,961	1,350,000	1,400,000	59,000	59,274
Continental						
sugarcane						
area	6,638,578	6,325,969	189,000	500,000	10,200	9,630
Hawaii	6,574,447	8,109,124	no est.	no est.	1,045	1,467
Puerto Rico ..	15,100,000	15,500,000	552,000	500,000	13,437	13,437
Virgin Islands:	66,735	43,644	- -	- -	512	534
Total	56,141,210	62,527,698	2,091,000	2,400,000	84,194	84,342

*Estimated

Special Determinations

Certain determinations issued by the Secretary in connection with the payment provisions of the Act are being constantly reviewed to determine whether revisions are necessary due to changes in cultivation, harvesting, and processing of sugar beets and sugarcane. The following determinations have been revised to meet current conditions.

1. Normal yields of sugarcane farms and eligibility with respect to abandonment and crop deficiency payments in Florida, the Virgin Islands and Puerto Rico

2. Changes in rates of commercially recoverable sugar--

- domestic sugar beet and Louisiana sugarcane areas--rates were reduced somewhat to reflect lower extraction rates resulting from the increased use of machinery in harvesting recent crops
- Florida--rates were reduced by using revised extraction rates and a more accurate basis of calculating sugar recoverability, from sucrose in the crusher juice to sucrose in the normal juice.

Excise tax

An excise tax imposed on sugar manufactured in the United States more than offsets the amounts appropriated for the Sugar Program. There is

set forth below, by fiscal years, a comparison of funds appropriated for the Sugar Program and the sugar tax collections.

<u>Fiscal Year</u>	<u>Sugar Tax Collections</u>	<u>Total Funds Available Under Appropriation</u>
1938	30,569,130	22,074,400
1939	65,414,058	52,460,654
1940	68,145,358	47,212,400
1941	74,834,839	47,677,678
1942	68,229,803	47,869,513
1943	53,551,777	55,638,374
1944	68,788,910	54,818,026
1945	73,293,966	52,413,777
1946	56,731,986	48,391,812
1947	59,151,922	53,500,000
1948	71,246,834	72,000,000
Total	689,958,583	554,056,634

Wage and Price Hearings

Public hearings were conducted in all domestic producing areas for the purpose of receiving evidence which might be of assistance to the Secretary in determining fair and reasonable prices and wages for 1948 crops. Hearings have also been held in some areas in connection with 1949 crops and other hearings will be held in the coming months.

Price determinations

Fair and reasonable price determinations were issued for all domestic sugar producing areas.

- a. Sugar beet area -- the determination approved the payment of prices not less than those provided for in the 1948 crop purchase contracts which had been negotiated between producers and processors. Generally, 1948 purchase contracts provided for payments to growers at about the same level as prevailed in 1947 at net returns in excess of 6.00 per 100 pounds but lower prices were contracted when the net return fell below 6.00 per 100 pounds.
- b. Louisiana -- the fair price determination required the same basis of payment as in prior years except that processors were permitted to deduct the weight of trash delivered with the sugarcane in excess of 3 percent.
- c. Florida -- the fair price determination continued the customary sharing relationship but permitted the deduction of a higher freight rate than had been effective in prior years.

- d. Hawaii -- the price determination contained the same provisions as in previous years in that prices were to be those provided for in contracts which had been agreed upon between the processor and producer of sugarcane.
- e. Puerto Rico -- a sliding settlement scale of payments tied to the yield of sugarcane replaced the "flat" sharing scale of previous price determinations which becomes effective when the price of raw sugar averages more than \$5.00 per 100 pounds.
- f. Virgin Islands -- no major changes in the provisions of the price determination from those in effect in prior years.

Wage determinations

In the sugar beet area two wage determinations were issued - one for sugar beet work in California and one for work performed in States other than California.

- a. California -- the rates prescribed were the same as those prevailing in the previous year.
- b. States other than California -- the number of wage districts was reduced from 10 to 6 and the wage scale was completely revised to give effect to the important strides made in mechanized sugar beet field work. Additional piece rates were established for workers performing hand tasks in connection with machine cultivation; a modified sliding scale of payment for harvesting work based upon two-ton yield brackets and two supplemental wage payments were prescribed.

The supplemental wage payments were payable

- (1) if the worker who entered into an agreement to perform the entire summer and harvest work completed such work, and
- (2) if the worker who entered into an agreement to perform the entire harvesting work completed such work

The following wage determinations were issued for the sugarcane area:

- a. Louisiana -- wage rates for planting and cultivation work in 1948 were increased by about 12 percent over the rates effective during 1947. The basic wage rates for harvesting the 1948 crop in Louisiana were the same as for the 1947 crop but the determination included a provision for wage increases or decreases for each 10-cent change in the price of sugar above \$6.25 or below \$5.60 per 100 pounds. This change was made to provide a wage structure adjustable to significant price and income changes. Piece work rates in 1948 were reduced 15 cents per ton from the 1947 rates, with adjustments based upon sugar prices, to provide a more reasonable relationship between the earnings of workers on a time basis and those on a piece work basis.

- b. Florida -- no major changes were made in the 1948-49 wage determination.
- c. Hawaii -- the wage price determination continued the provisions of the 1947 determination under which wage rates were to be those agreed upon between representatives of the producers, and the laborers.
- d. Puerto Rico -- no change in the basic wage rates for the calendar year 1948 over those effective during 1947 but the wage escalator scale was modified to provide wage changes of 4-1/2 cents per day for each 10 cents or fraction thereof change in the price of raw sugar above \$3.80 per hundredweight.
- e. Virgin Islands -- no major changes in the wage determination during 1948 except for a wage increase of 3-1/2 cents per day for each increase of 10 cents or fraction thereof in the price of raw sugar above \$6.00 per hundred pounds.

Special studies and surveys

During 1948 a detailed study was conducted of the costs, returns, profits, and related data of the sugar beet industry. This study covered approximately 350 farms and 21 sugar beet processing companies. A study was also initiated with respect to man-hour requirements for thinning and harvesting sugar beets. This study was conducted in the field by representatives of the PIA State and county offices. In Louisiana the PIA State and Parish offices conducted a study of labor performance in the harvesting of sugarcane.

In addition to the above, informal surveys were conducted in Puerto Rico, the Virgin Islands, Hawaii, Florida, and California prior to the public hearings in those areas and recently conducted an informal survey in the major portion of the sugar beet area on problems likely to develop in the 1949 fair wage and fair price determinations.

(c) Exportation and Domestic Consumption of Agricultural Commodities

Appropriation Act, 1948 (30% of customs receipts, calendar year 1947)	\$132,947,728
Transferred to "National School Lunch Act"	<u>75,000,000</u>
Base for 1950	57,947,728
Budget estimate, 1950:	
30% of customs receipts, calendar year 1948..	\$125,000,000
Less proposed transfer to "National School Lunch Act"	<u>75,000,000</u>
	50,000,000
Decrease, 1950 (in funds available for Section 32 purposes...	<u><u>-7,947,728</u></u>

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	1949	1950	Decreases
1. Purchases of agricultural commodities for distribution through authorized agencies.....	\$43,098,630	\$25,124,932	\$24,040,000	\$-1,084,932
2. Encouragement of export: of agricultural commodities, program payments..	21,409,366	25,418,633	21,000,000	-4,418,633
3. Diversion of agricultural commodities to by-products and new uses...	11,188,789	4,750,000	3,000,000	-1,750,000
4. Administration of marketing agreements and orders.....	608,295	909,324	850,000	- 59,324
5. Administration of programs other than marketing agreements and orders: (including transfers to Sec.392, AAA of 1938)....	1,131,361	1,548,393	930,000	- 618,393
Total, pay act costs.....	[- -]	[161,254]	[117,133]	
Unobligated balance.....	1/6,787,038			
Total available.....	84,223,479	57,751,282	49,820,000	-7,931,282
Allotted to:				
Office of Foreign Agricultural Relations.....	+18,434	+21,446	+20,000	-1,446
Transferred to:				
Local administration, Section 388, AAA of 1938...	+142,855	- -	- -	- -
Administration of National School Lunch Act, Department of Agriculture:	+65,000,000	+75,000,000	+75,000,000	- -
Exportation and Domestic Consumption of Agricultural Commodities (transfer to Interior, Fish and Wildlife Service...	+160,000	+175,000	+160,000	*-15,000
Total appropriation or estimate.....	1/149,544,768	132,947,728	125,000,000	-7,947,728(1)

1/ Includes reimbursements of \$520,838.

Decrease:

(1) The net decrease of \$7,947,728 in this item for 1950 is a result of a decrease in the permanent appropriation due to a reduction in custom receipts during calendar year 1948. The need for funds to carry out the purposes for which this appropriation is made is dependent primarily upon crop and market factors.

The outlook for agricultural production during fiscal year 1950 is for production equal to or greater than the average for the past ten years -- which has been the most productive ten-year period in our history. Total crop production during calendar year 1948 was the largest in the country's history. Improved foreign production, coupled with high domestic production, indicates that fiscal year 1950 may see world-wide adequacy of food within the limits of effective demand. Should this situation develop, the potential surplus in perishable and other agricultural commodities in this country will be much greater than in any other post-war year. Section 32 funds have been specifically provided by existing law to cope with problems such as may arise from such surpluses.

The allocation of the decrease as shown in the foregoing project statement is tentative only, since the method of handling surpluses through purchase, diversion or export is determined at the time the need arises, and is based upon a consideration of the most effective method of handling the particular problem in the light of possible outlets and other factors.

During the past year, the Congress has enacted two new legislative provisions which also have an effect on the use of Section 32 funds. The first, The Foreign Assistance Act of 1948 (Public Law 472), authorizes the use of these funds for payments in amounts not to exceed 50 percent of the sales price in connection with the exportation of surplus agricultural commodities provided for assistance or relief in foreign countries. The second, The Agriculture Act of 1948 (Public Law 897), provides for the continued availability of unexpended balances of Section 32 funds, to the extent of \$300,000,000, for surplus removal and price support programs.

STATUS OF PROGRAM

Current Activities: This is the appropriation available to the Department for:

1. Removal from the market of surplus agricultural commodities through
 - (a) Purchases for distribution to authorized agencies
 - (b) Encouragement of export
 - (c) Diversion to by-products and new uses
2. Administration of marketing agreements and orders.

Examples of recent progress and trends:

I. Removal from the market of surplus agricultural commodities through:

A. Purchases of agricultural commodities for distribution

1. During the fiscal year 1948 approximately 500 million pounds of agricultural commodities, at a cost of 43,000,000 were purchased for distribution as follows:

- (a) Donations to school lunch programs, eligible institutions, and welfare recipients 452 million pounds
41,787,000

Distribution of these commodities was made by 160 authorized agencies to the following participants:

- (1) 36,360 schools serving 6,565,670 children
- (2) 2,803 institutions serving 1,015,490 persons
- (3) 67,925 individual welfare recipients

- (b) Donations to public or non-profit agencies for demonstrational or experimental purposes 48 million pounds
1,272,000

2. The quantity and cost of surplus commodities which were purchased for distribution during the past two fiscal years are reflected in the following table:

	Unit	1947		1948	
		Quantity	Value	Quantity	Value
Eggs, dried	lb	10,616,052	10,697,770	9,045,000	13,428,266
Fruits:					
Apricots, dried..	ton	-	-	1,415	564,207
Apples, canned...	lb	-	-	1,616,569	127,835
Apples, fresh ...	bu	-	-	884,610	2,101,170
Apples, dried ...	ton	-	-	3,710	1,137,261
Applesauce, canned	lb	-	-	22,663,760	1,580,914
Citrus Juice					
Blend	lb	1,278,078	13,848	-	-
Figs, dried	ton	-	-	6,965	1,386,856
Grapefruit					
Juice, canned	lb	-	-	73,228,323	3,405,533
Orange juice, cd.	gal	-	-	467,676	1,400,000
Peaches, dried ..	ton	-	-	7,580	2,017,564
Pears, fresh	box	-	-	120,404	297,965
Plums, canned ...	lb	-	-	5,734,305	281,053
Prunes, dried ...	ton	-	-	8,001	1,731,815
Raisins, dried ..	ton	-	-	7,997	1,546,337
Vegetables:					
Beans, snap	32 bu	2,020	4,089	67,850	111,028
Beets, topped ...	50 bg	141,231	116,190	8,681	12,664
Cabbage	50 bg	118,414	114,510	53,404	66,948
Carrots, topped	50 bg	20,119	16,945	-	-
Onions	50 bg	246,558	264,079	-	-
Spinach	18 bu	179,480	152,865	-	-
Potatoes, Irish	Cwt	3,289,034	4,960,585	2,387,794	8,892,986
Potatoes, sweet	bu	536	882	657,845	995,468
Miscellaneous:					
Honey	lb	-	-	5,700,000	848,130
Filberts	lb	-	-	482,160	221,929
Walnuts	lb	-	-	1,800,000	903,701
Sauerkraut, cd.	lb	839,266	34,612	-	-
Total		xxx	16,376,105	xxx	43,059,630

B. Encouragement of export of agricultural commodities

1. The principal export programs during fiscal year 1948 were those authorized by the Foreign Assistance Act of 1948, which provides that Section 32 funds may be used to facilitate the exportation of surplus commodities to foreign countries for assistance or relief purposes. Payments, totaling approximately \$20,000,000 were made on the exportation of eggs, dried fruits, and tobacco to foreign countries in connection with this Act.
2. The quantities of commodities exported and payments made during the past two years are shown in the following table:

Commodity	Unit	1947		1948	
		Quantity	Payments	Quantity	Payments
Cotton	bale	1,787,005	\$32,863,018	945,000	\$2,038,969
Eggs, frozen	lb	-	-	37,543,440	7,095,000
Apricots, dried	ton	-	-	1,390	144,144
Dates, dried	ton	-	-	864	41,663
Figs, dried	ton	-	-	6,788	284,384
Peaches, dried	ton	-	-	1,719	104,399
Prunes, dried	ton	-	-	35,167	1,661,481
Raisins, dried	ton	-	-	12,172	530,253
Potatoes	Cwt	233,115	1,112,616	-	-
Tobacco	lb	-	-	84,000,000	9,509,073
Total		xxx	\$34,005,664	xxx	\$21,109,366

C. Diversion of agricultural commodities to by-products and new uses

A relatively small amount of Section 32 funds was used for the diversion of cotton to insulation, Irish potatoes to starch, and pears to new markets, as shown in the following table:

Commodity	Unit	1947		1948	
		Quantity	Payments	Quantity	Payments
Cotton, insulation	bale	45,000	\$1,688,112	18,584	\$531,285
Pears, fresh	box	-	-	61,640	27,739
Potatoes, Irish	cwt	14,747,732	19,964,041	4,712,803	10,626,765
Total		xxx	\$21,652,153	xxx	\$11,185,789

II. Administration of Marketing Agreements and Orders:

A. Fruits and vegetables marketing agreement and order programs

Marketing agreement programs on fruits and vegetables operate through the issuance of regulatory orders under the general provisions of the various Marketing Orders which are drawn on a continuing basis. Regulations are issued only as the need exists and usually cover a relatively short period of time. Since fruits and vegetables are primarily perishable or semi-perishable commodities, it is essential that prompt administrative action be taken in the handling of these regulations.

Activities under the fruits and vegetables marketing agreement and order programs during fiscal years 1947 and 1948; and fruits and vegetables marketing agreement and order programs in effect during fiscal year 1948 are shown in the following tables:

Activities under the Fruits & Vegetables Agreement and Order Programs during Fiscal Years 1947 and 1948

Activity	F.Y. 1947	F.Y. 1948
Agreement and order programs in effect	18	20
Hearings held to consider amendments to existing orders or the issuance of orders in new areas	5	11
Requests received for new programs	2	5
Amendments issued to existing orders	1	3
Suspensions issued to existing orders	1	0
Petitions received for review of various order provisions	3	4
Petitions disposed of during the year, including those pending from former years	3	5
Regulatory Orders Issued Under Provisions of:		
Marketing Order	198	214
Appointment of Administrative or Control Committees	13	17
Promulgation of Committee Rule Making	4	9
Committee Budgets Approved	8	14

Fruits and Vegetables Marketing Agreement and Order Programs
in Effect During Fiscal Year 1948

Commodity	Estimated No. of Commercial Producers	Estimated Farm Value
<u>Citrus fruits</u>		
California-Arizona desert		
grapefruit	2,000	2,000,000
California-Arizona lemons	6,100	33,000,000
California-Arizona oranges	20,000	83,000,000
Florida oranges	()	38,000,000
grapefruit	(20,000)	9,000,000
tangerines	()	5,000,000
<u>Deciduous fruits</u>		
California Tokay grapes	1,500	8,000,000
California Bartlett pears	2,500	24,000,000
Plums	2,300	12,500,000
Elberta peaches	1,200	9,000,000
Georgia peaches	1,200	10,000,000
Colorado peaches	900	5,000,000
Utah peaches	500	1,500,000
California Buerre Hardy pears	500	1,500,000
Oregon-Washington-California		
fall and winter pears	3,000	18,500,000
Oregon-Washington fresh prunes	600	9,000,000
<u>Vegetables</u>		
Colorado peas	400	1,400,000
cauliflower	250	800,000
<u>Potatoes</u>		
Idaho-Oregon	10,000 1/	49,000,000
Colorado	5,900 1/	27,000,000
Oregon-California	1,400 1/	13,000,000
Michigan-Illinois-Minnesota		
North Dakota	330,000 1/	84,000,000
Virginia-North Carolina	22,700 1/	18,000,000
South Dakota	4,400 1/	4,000,000
Maine	18,000 1/	49,000,000
<u>Nuts</u>		
California-Oregon-Washington		
walnuts	19,000	35,000,000
Total	- -	550,200,000

1/ Includes number of farms growing potatoes for sale or home use from 1945 Census.

B. Milk-marketing agreements and orders

Marketing agreement programs on milk operate under the general provisions of the various marketing orders.

Activities under the milk-marketing agreement and order programs during fiscal year 1947 and 1948, and milk-marketing agreement and order programs in effect during 1948 are shown in the following tables:

<u>Activities Under the Milk-Marketing Agreement and Order Programs</u> <u>during fiscal years 1947 and 1948</u>			
Activity	F.Y. 1947	F.Y. 1948	
Agreement and Order Programs in effect	31	30	
Hearings held to consider amendments to existing orders or the issuance of orders in new areas :	33	71	
Requests received for new programs	14	7	
Amendments issued to existing orders	30	35	
Suspensions issued to existing orders	28	21	
Petitions received for review of various order provisions	52	22	
Petitions disposed of during the year, including those pending from former years	35	62	
Court cases started during the year	13	23	
Court cases disposed of during the year, including those pending from former years	18	18	
Hearings held under Administrative Procedure Act:	-	7	
Applications reviewed from cooperatives for qualifications to participate under Act	-	41	
Cases disposed of under Act	-	36	

Milk-marketing agreement and order programs in effect for fluid milk during fiscal year 1948:

Markets by State and City	: Est. No. of : : Producers	: Est. annual vol. of : : pooled milk (pounds)
Illinois--Chicago and suburban Chicago	21,865	3,146,826,000
Illinois-Iowa-Illad Cities	2,606	103,886,000
Indiana--Fort Wayne; South Bend-Laporte:	1,688	141,453,000
Iowa--Clinton; Dubuque; Sioux City	844	70,505,000
Iowa-Nebraska--Omaha; Council Bluffs ...	2,391	131,198,000
Kansas--Topeka; Wichita	820	81,584,000
Kansas-Missouri-Kansas City	2,279	223,129,000
Kentucky-Louisville; Paducah	1,909	201,135,000
Kentucky-Ohio-West Virginia (Tri-State):	1,355	105,978,000
Louisiana-New Orleans (61-70 mile zone):	2,253	168,739,000
Massachusetts-Boston (201-210 mile zone)		
Fall River; Lowell-Lawrence	14,166	1,365,500,000
Minnesota--Minneapolis-St. Paul	5,477	605,581,000
Minnesota-Wisconsin-Duluth-Superior ...:	1,240	80,680,000
Missouri-St. Louis	3,294	338,552,000
New York-New York (201-210 mile zone) ..:	45,270	5,497,617,000
Ohio-Cincinnati; Cleveland; Columbus; :		
Dayton-Springfield; Toledo	20,095	1,402,782,000
Pennsylvania-Philadelphia	9,035	965,573,000
Tennessee-Nashville	617	49,722,000
Total, fiscal year 1948	1/137,204	2/ 11,680,440,000

1/ Compares with an estimated 136,445 producers during 1947.

2/ Compares with an estimated 15,008,579,000 pounds during 1947.

III. Other Activities to Supplement Surplus Removal Programs:

A. Marketing Abundant Foods

1. A list of foods in plentiful supply throughout the country was made available each month to food trade organizations, food handlers, distributors and others having opportunity to influence the sale or use of such commodities.
2. An area foods list was prepared monthly which featured plentiful foods in particular states. This localization furthered the removal of surpluses by promoting within limited areas the abundances peculiar to those areas.
3. Special national marketing programs were conducted to feature potatoes, dried figs, fowl and peaches, as well as many programs of a local nature.

B. Food Preservation Program

1. During the past two years food preservation specialists furnished assistance and advice to non-profit food preservation centers on the following projects:

Projects	1947	1948
Plant installations and modifications ..	100	304
Special technical services	456	939
Plant surveys	54	164
Workshops for training in food preservation	113	95

2. The Direct Distribution Program was supplemented by furnishing technical advice on food preservation to school kitchen canneries, community canning centers and institutional canneries. This made it possible to preserve for use in subsequent months those surplus perishable and semi-perishable commodities which must be acquired when schools are not in session. The following foods were processed for use in subsequent months:

Commodity	Pounds
Apples	3,246,076
Green beans	1,229,962
Cabbage	75,000
Pears	103,454
Sweet potatoes	1,945,750

3. Institutional canneries processing or agreeing to process price support commodities for direct distribution outlets were reviewed to determine adequacy of equipment, adherence to recommended sanitary practices and processing instructions, and proper supervision of canning operations.
4. Food preservation specialists in three areas assisted State colleges and universities in planning and conducting short courses in food preservation for vocational agriculture and home economics teachers and students.

(g) National School Lunch Act

Appropriation Act, 1949 (Amount made available from

"Exportation and Domestic Consumption of

Agricultural Commodities") \$75,000,000

Budget Estimate, 1950 (To be made available from

"Exportation and Domestic Consumption of Agricultural

Commodities") 75,000,000

Change, 1950 -----

PROJECT STATEMENT

(Amounts Shown Include Pay Act Costs)

Project	1948	1949 :(estimated):	1950 :(estimated):	Increase or decrease
1. Food assistance.....	\$68,038,401	\$73,375,000	\$73,405,845	+\$30,845
2. Administrative expenses:				
(includes transfer to :				
"Administrative Expenses				
Section 392, Agricultural				
Adjustment Act of 1938"): 1,307,149:	1,307,149	1,567,585	1,583,294	+15,709
Allotted to Bureau of :				
Human Nutrition and :				
Home Economics.....	+45,744	+57,415	+10,861	-46,554
Transferred to "Salaries:				
and expenses, Office of:				
Information, Department:				
of Agriculture".....	+1,215	- -	- -	- -
Total pay act costs.....	[- -]	[101,384]	[100,537]	- -
Unobligated balance.....	607,491	- -	- -	- -
Total available for :				
School Lunch purposes:	75,000,000	75,000,000	75,000,000	- -
Amount made available from:				
"Exportation and Domestic:				
Consumption of Agricul- :				
tural Commodities".....	-65,000,000	-75,000,000	-75,000,000	- -
Total appropriation or :				
estimate.....	5,000,000	- -	- -	- -

Note: Although the estimate proposes no increase in total available funds, an additional \$30,845 will be available for food assistance to states to assist in the maintenance and operation of school lunch programs due to minor adjustments in administrative expense requirements, including a reduction of the allotment to the Bureau of Human Nutrition and Home Economics resulting from completion of certain research projects on nutritional requirements of school feeding programs.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

- 1 To enable the Secretary to carry out the provisions of the National School Lunch Act [of June 4, 1946 (Public Law 396] (42 U.S.C. 1751-1760), there is hereby made available
- 2 \$75,000,000 of the funds appropriated for the current fiscal year [1949] by section 32 of the Act approved August 24, 1935 (7 U.S.C. 612(c)), such amount to be without regard to the 25 per centum limitation contained in said section 32, and to be exclusive of funds expended in accordance with the last sentence of section 9 of the National School Lunch Act: Provided, That no part of such funds shall be used for nonfood assistance under section 5 of said Act.

The first change in language is for the sole purpose of substituting the U.S. Code citation for the Act.

The second change in language deletes "1949" and inserts the word "current" for the purpose of making the funds available from Section 32 conform with the fiscal year appropriation for the National School Lunch Program.

STATUS OF PROGRAM

Current Activities:

This program is designed to:

1. Improve the health and well-being of the Nation's children by:

- a. providing them a well-balanced lunch at school to help fill their daily nutritional requirements.

Experience indicates that children who get lunch under this program, compared with those who do not, show:

- (1) more rapid gain in weight and height
- (2) better attendance records
- (3) improvement in scholastic standing
- (4) better deportment
- (5) higher resistance to colds and other illnesses

- b. developing proper and nutritionally beneficial food habits which will continue in later life.

2. Broaden the market for agricultural food commodities by:

- a. providing an expanded market for agricultural commodities through local purchases of food by school lunch programs in commercial channels of trade;
- b. serving as a valuable outlet for agricultural commodities purchased by the Department to alleviate local and seasonal surpluses;
- c. expanding the outlet for highly nutritious foods particularly in areas of nutritional deficiencies; and
- d. introducing a wider variety of foods, thus creating a demand for commodities that many housewives would not otherwise buy.

Current activity under the program includes:

1. Furnishing cash assistance to schools for food purchases by:

- a. apportioning among the States and Territories a minimum of 75 percent of the total food assistance funds available on the basis of need as indicated by:

- (1) State per capita income compared with United States per capita income,
- (2) State population 5 to 17 years of age.

b. paying the apportioned funds to State agencies on a quarterly basis.

(1) The State agencies reimburse participating schools for cost of lunches served when the schools:

(a) serve meals meeting minimum nutritional standards prescribed by the Secretary;

(b) offer luncheon to all children attending the school and serve it free or at reduced cost to children who are unable to pay the full cost;

(c) agree to purchase commodities designated by the Secretary as being in abundance.

c. paying the funds directly to participating private schools in the 30 States where State laws forbid disbursement of funds by State agencies to private schools. (A proportionate share of the State's total apportionment is held back for this purpose.)

2. Furnishing food items to schools for lunch programs by:

a. purchasing food commodities under Section 6 of the Act and arranging for their distribution through approved State distributing agencies:

(1) at a total cost not to exceed 25 percent of the food assistance funds.

(2) on basis of their nutritional value and acceptability under the Regulations.

(3) in areas where they are most needed.

b. distributing commodities acquired under the Section 32 appropriation to school lunches through approved State distributing agencies.

3. Making reviews and audits of programs by:

a. annual audits of the records of State agencies administering the program and, with State agency's understanding, auditing records of selected schools.

b. comprehensive administrative analyses of State agencies' operations under the program.

c. administrative reviews in individual schools as necessary.

NATIONAL SCHOOL LUNCH PROGRAM

PERCENTAGE OF ELIGIBLE SCHOOLS AND CHILDREN PARTICIPATING

Fiscal Year 1948

State	SCHOOLS			CHILDREN		
	Total 1/ by State:	Number 2/ Participating:	Percent Participation	Total 1/ Enrollment:	Number 2/ Participating:	Percent Participation
Alabama	4,070	1,199	29.5	652,768	190,915	29.2
Arizona	606	174	28.7	113,824	30,688	27.0
Arkansas	4,259	877	20.6	399,994	118,995	29.7
California	4,702	1,760	37.4	1,541,128	292,411	19.0
Colorado	2,353	327	13.9	225,639	42,322	18.8
Connecticut	1,162	347	29.9	309,727	54,283	17.5
Delaware	249	59	23.7	49,304	11,062	22.4
Dist. of Columbia	189	111	58.7	112,493	24,892	22.1
Florida	2,277	710	31.2	383,621	127,744	33.3
Georgia	4,906	1,357	27.7	704,125	229,417	32.6
Idaho	1,130	233	20.6	111,767	30,173	27.0
Illinois	11,126	2,127	19.1	1,381,984	311,042	22.5
Indiana	3,769	971	25.8	705,552	143,762	20.4
Iowa	9,584	892	9.3	510,088	116,456	22.8
Kansas	6,203	577	9.3	364,067	54,465	15.0
Kentucky	6,487	1,053	16.2	572,851	158,516	27.7
Louisiana	3,256	1,153	35.4	511,457	144,857	28.3
Maine	1,930	443	23.0	175,167	32,872	18.8
Maryland	1,364	531	38.9	343,764	85,156	24.8
Massachusetts	2,802	1,600	57.1	753,962	194,430	25.8
Michigan	9,288	1,325	14.3	1,099,505	218,709	19.9
Minnesota	6,994	1,031	14.7	535,125	139,767	26.1
Mississippi	5,349	1,114	20.8	526,399	136,875	26.0
Missouri	7,987	1,277	16.0	709,476	140,763	19.8
Montana	1,714	173	10.1	103,695	20,063	19.3
Nebraska	6,515	369	5.7	255,514	42,730	16.7
Nevada	241	45	18.7	25,115	4,683	18.6
New Hampshire	1,797	313	17.4	90,450	22,933	25.4
New Jersey	2,326	1,021	43.9	749,480	131,600	17.6
New Mexico	890	193	21.7	138,901	22,330	16.1
New York	9,086	2,426	26.7	2,318,679	535,779	23.1
North Carolina	4,458	1,144	25.7	819,019	224,134	27.4
North Dakota	3,666	491	13.4	124,651	29,046	23.3
Ohio	5,471	1,233	22.5	1,285,858	211,840	16.5
Oklahoma	4,546	1,447	31.8	470,798	107,240	22.8
Oregon	1,666	454	27.2	237,351	54,652	23.0
Pennsylvania	10,371	1,853	17.9	1,824,559	226,039	12.4
Rhode Island	493	195	39.6	127,931	20,806	16.3
South Carolina	3,969	1,365	34.4	453,147	149,436	33.0
South Dakota	3,772	23 ^{4/}	.6	121,923	2,807 ^{4/}	2.3
Tennessee	5,526	1,514	27.4	609,366	154,896	25.4
Texas	9,259	2,266	24.5	1,310,149	259,896	19.8
Utah	526	277	52.7	142,970	46,744	32.7
Vermont	1,087	273	25.1	64,585	18,083	28.0
Virginia	3,865	932	24.1	563,650	132,854	23.6
Washington	1,635	683	41.8	407,214	99,333	24.4
West Virginia	4,668	1,271	27.2	419,493	91,537	21.8
Wisconsin	7,357	1,215	16.5	609,714	120,710	19.8
Wyoming	752	173	23.0	55,432	12,828	23.1
Total U. S.	197,698	42,597	21.5	26,124,441	5,773,571	22.1
Alaska	3/	7		8,580	797	9.3
Hawaii	3/	148		100,099	56,289	56.2
Puerto Rico	3/	1,787		366,787	182,245	49.7
Virgin Islands	3/	32		6,170	3,457	56.0
Total Territories		1,974		481,636	242,788	50.4
GRAND TOTAL		44,571		26,606,077	6,016,359	22.6

1/ 1945-1946

2/ Peak month December 1947

3/ Not available

4/ Private schools only

Examples of Progress, Trends and Scope of Activity

1. Extent of Participation

a. Overall Increase in Participation

- (1) Schools. More schools participated in the program in 1948 than in 1947. The average monthly participation in 1948 by schools was more than 2,200 above that of 1947. The peak, reached in January 1948, was 1,000 greater than the peak of the previous year.
- (2) Children. More children participated during each month of 1948 than in the same month of 1947, with the exception of January and February. The average monthly participation was 189,000 greater than in 1947. Peak participation, reached in December was almost unchanged from the 1947 peak reached in February of that year. Table I shows peak participation by State, and the percentage of eligible schools and children participating.

b. Participation by Month

- (1) The program showed less fluctuation in participation by months during the principal school months (September through May) than in 1947. Monthly participation figures for the two years are shown in Table II below:

Participation in the National School Lunch Program Table II
Fiscal Years 1947 and 1948, by Month

Month	Number of Schools		Number of Children	
	1947	1948 a/	1947	1948 a/
July	1,76	792	60,004	66,808
August	1,390	2,563	191,301	283,782
September	26,075	30,698	4,051,178	4,592,143
October	35,262	39,616	5,218,303	5,659,160
November	40,017	43,412	5,705,648	6,013,342
December	42,072	44,571	5,983,009	6,016,359 b/
January	44,159	45,610 b/	5,973,986	5,962,809
February	44,537 b/	45,585	6,016,129 b/	5,981,604
March	43,830	45,068	5,702,908	5,853,935
April	40,267	44,745	5,179,390	5,729,367
May	34,646	36,802	4,630,655	4,771,376
June	11,040	11,725	1,723,872	1,776,400
Average	30,314	32,599	4,203,032	4,392,257

A/ Preliminary

b/ Peak Month

2. Quantity and Quality of Meals Served

a. Quantity. More children in participating schools were fed nutritious lunches over a longer period of the school year. This is indicated by the more stable participation throughout the school year and also by the increase in total number of meals served. Although peak participation in 1948 was no greater than in 1947, the total number of meals served was about 61,000,000 greater--an estimated 972,000,000 in 1948 as compared with about 911,000,000 in 1947.

b. Quality. Type A meals continued to comprise the larger part of the total meals served. Of the total meals served in 1948, 54.9 percent were Type A-- a complete meal furnishing $1/3$ to $1/2$ of one day's nutritive requirements. This was a slight reduction under the previous year when Type A meals were 57.9 percent of the total. The continued serving of Type A meals in the face of constantly rising food costs, was due, in great part, to the increased quantity of foods distributed by the Department.

3. Benefits to Agriculture

a. Commodities utilized during 1948 in the school lunch program cost an estimated 174,000,000. Of this amount, an estimated \$140,000,000 was expended by schools locally--both Federal and State funds--and 286,000,000 pounds of commodities costing approximately \$34,000,000 were distributed by the Department under authorities of Section 6 of the National School Lunch Act and Section 32 of Public Law 320, 74th Congress. Table III shows commodities distributed by the Department. Table IV shows quantity and estimated value of commodities distributed to each State.

Alabama	1,000,000	100,000	100,000
Arkansas	1,000,000	100,000	100,000
California	1,000,000	100,000	100,000
Colorado	1,000,000	100,000	100,000
Connecticut	1,000,000	100,000	100,000
Delaware	1,000,000	100,000	100,000
District of Columbia	1,000,000	100,000	100,000
Florida	1,000,000	100,000	100,000
Georgia	1,000,000	100,000	100,000
Idaho	1,000,000	100,000	100,000
Illinois	1,000,000	100,000	100,000
Indiana	1,000,000	100,000	100,000
Iowa	1,000,000	100,000	100,000
Kansas	1,000,000	100,000	100,000
Kentucky	1,000,000	100,000	100,000
Louisiana	1,000,000	100,000	100,000
Maine	1,000,000	100,000	100,000
Maryland	1,000,000	100,000	100,000
Massachusetts	1,000,000	100,000	100,000
Michigan	1,000,000	100,000	100,000
Minnesota	1,000,000	100,000	100,000
Mississippi	1,000,000	100,000	100,000
Missouri	1,000,000	100,000	100,000
Montana	1,000,000	100,000	100,000
Nebraska	1,000,000	100,000	100,000
Nevada	1,000,000	100,000	100,000
New Hampshire	1,000,000	100,000	100,000
New Jersey	1,000,000	100,000	100,000
New Mexico	1,000,000	100,000	100,000
New York	1,000,000	100,000	100,000
North Carolina	1,000,000	100,000	100,000
North Dakota	1,000,000	100,000	100,000
Ohio	1,000,000	100,000	100,000
Oklahoma	1,000,000	100,000	100,000
Oregon	1,000,000	100,000	100,000
Pennsylvania	1,000,000	100,000	100,000
Rhode Island	1,000,000	100,000	100,000
South Carolina	1,000,000	100,000	100,000
South Dakota	1,000,000	100,000	100,000
Tennessee	1,000,000	100,000	100,000
Texas	1,000,000	100,000	100,000
Utah	1,000,000	100,000	100,000
Vermont	1,000,000	100,000	100,000
Virginia	1,000,000	100,000	100,000
Washington	1,000,000	100,000	100,000
West Virginia	1,000,000	100,000	100,000
Wisconsin	1,000,000	100,000	100,000
Wyoming	1,000,000	100,000	100,000

Continued on next page

National School Lunch Program

Table III

Quantity and Estimated Value of Commodities
Distributed to Schools
Fiscal Year 1948

<u>Commodity</u>	<u>Quantity (Pounds)</u>	<u>Estimated Value</u>
<u>Section 6</u>		
Cheese, American	6,411,505	3,000,000
Fish, canned and frozen	59,375	15,000
Milk, dry skim	7,351,846	1,265,000
Orange juice, concentrated	11,615,763	3,500,000
Peanut butter	10,508,961	2,600,000
Tomatoes, canned	28,647,331	3,000,000
Tomato juice	16,356,204	1,120,000
Total Section 6	<u>83,980,985</u>	<u>14,500,000</u>
<u>Section 32</u>		
Apples, fresh	27,765,563	1,582,637
Apples, dried	2,202,007	339,109
Beans, fresh	774,997	52,700
Beets, fresh	17,850	589
Cabbage, fresh	354,566	11,700
Eggs, dried	5,606,283	7,568,482
Figs, dried	5,852,236	602,780
Filbert nut meats	192,208	87,454
Grapefruit juice, canned	39,138,938	2,152,641
Orange juice, single strength, canned	2,655	109
Peaches, dried	5,600,226	778,431
Pears, fresh	3,685,421	213,754
Potatoes, white	82,293,398	3,291,736
Potatoes, sweet	11,352,613	533,573
Prunes, dried	8,511,911	914,822
Raisins, dried	8,607,155	826,287
Walnut meats	707,515	353,757
Total Section 32	<u>202,665,542</u>	<u>19,340,561</u>
<u>Grand Total</u>	<u>286,646,527</u>	<u>33,840,561</u>

4. Significant Factors Affecting Program

a. Food Costs

Constantly rising costs of food have continued to be a major problem. Table V illustrates the rise, during the past five years, in costs of typical foods used in school lunches. The average cost per meal meeting minimum nutritional requirements has increased 47.5 percent during the five-year period since Federal reimbursement rates were established in 1943.

b. Commodities Distributed by the Federal Government

Commodities valued at almost \$34,000,000 were purchased by the Department and distributed to schools. These commodities, combined with those purchased locally by school lunch operators enabled schools to serve more Type A lunches than would otherwise have been possible.

c. Rate of Cash Payments

During the fiscal year 1948, quarterly payments of food assistance funds were based on the rates of expenditure in 1946. Each state was informed as to the total amount available for the year and the amount of each quarterly payment. This enabled States to plan their programs in advance to the extent that funds were available.

d. Efforts of State Agencies to Meet Rising Costs with No Increase in Federal Funds

- (1) Most States reimbursed schools at less than the maximum rates established for the various types of meals served. This was done in order to accept the applications of as many as possible of the schools which applied.
- (2) Many States refused to accept late applicant schools.
- (3) A few States elected to pay maximum rates and continued the program until their resources were exhausted. This was done despite repeated requests by the Department that all States plan their programs so as to operate over the entire year within the total funds available.

Quantity and Estimated Value of Commodities
Distributed to Schools
Fiscal Year 1948

State	Section 32		Section 6		Total	
	Quantity (Pounds)	Estimated Value	Quantity (Pounds)	Estimated Value	Quantity (Pounds)	Estimated Value
Alabama	9,400,418	\$832,901	3,019,257	\$497,124	12,419,675	\$1,330,025
Arizona	931,401	132,708	590,520	97,190	1,521,921	229,898
Arkansas	6,422,338	549,861	2,515,798	451,344	8,938,136	1,001,205
California	6,877,620	850,482	3,402,523	578,152	10,280,143	1,428,634
Colorado	1,335,180	134,643	666,015	99,568	2,001,195	234,211
Connecticut	81,516	5,039	393,268	58,173	474,784	63,212
Delaware	346,599	26,717	132,128	21,788	478,727	48,505
District of Columbia	105,194	9,042	195,181	31,233	300,375	40,275
Florida	4,647,413	386,239	1,435,622	264,446	6,083,035	650,685
Georgia	7,781,978	726,034	3,351,256	584,676	11,133,234	1,310,710
Idaho	665,083	101,752	389,325	60,192	1,054,408	161,944
Illinois	8,514,341	696,697	2,948,300	495,667	11,462,641	1,192,364
Indiana	3,643,936	252,171	1,600,349	303,457	5,244,285	555,628
Iowa	3,463,575	367,360	1,544,243	266,496	5,007,818	633,856
Kansas	1,973,087	185,721	1,020,588	181,267	2,993,675	366,988
Kentucky	7,399,787	677,043	2,492,733	404,024	9,892,520	1,081,067
Louisiana	7,279,688	651,293	2,801,421	510,466	10,081,109	1,161,759
Maine	587,367	73,378	343,185	60,196	930,552	133,574
Maryland	3,087,668	234,980	938,566	155,376	4,026,234	390,356
Massachusetts	3,017,947	305,885	1,693,932	273,189	4,711,879	579,074
Michigan	3,709,549	365,389	2,668,912	451,225	6,378,461	816,614
Minnesota	3,349,180	293,487	1,706,834	272,646	5,056,014	566,133
Mississippi	5,362,445	528,094	2,763,681	446,090	8,126,126	974,184
Missouri	4,536,197	383,370	1,451,836	251,470	5,988,033	634,840
Montana	413,117	64,057	324,164	56,127	737,281	120,184
Nebraska	1,098,988	99,283	754,078	144,030	1,853,066	243,313
Nevada	402,906	38,570	73,275	12,335	476,181	50,905
New Hampshire	533,199	76,390	389,698	71,782	922,897	148,172
New Jersey	2,702,183	269,090	1,317,802	210,594	4,019,985	479,684
New Mexico	2,026,985	169,883	530,358	92,660	2,557,343	262,543
New York	10,370,251	953,369	3,639,498	641,304	14,009,749	1,594,673
North Carolina	14,167,553	1,173,388	3,786,711	661,437	17,954,264	1,834,825
North Dakota	465,878	25,663	190,875	35,000	656,753	60,663
Ohio	8,887,989	769,957	4,822,948	869,529	13,710,937	1,639,486
Oklahoma	3,653,285	397,682	2,262,534	414,313	5,915,819	811,995
Oregon	2,494,090	325,051	700,391	124,863	3,194,481	449,914
Pennsylvania	4,455,083	501,152	3,725,294	624,093	8,180,377	1,125,245
Rhode Island	645,603	35,651	333,519	59,517	979,122	95,168
South Carolina	8,098,846	742,881	2,510,292	443,394	10,609,138	1,186,275
South Dakota	879,667	52,255	-	-	879,667	52,255
Tennessee	8,372,902	698,516	2,684,302	490,814	11,057,204	1,189,330
Texas	14,519,498	1,298,578	5,475,011	961,338	19,994,509	2,259,916
Utah	2,008,897	406,077	504,825	86,871	2,513,722	492,948
Vermont	595,420	51,738	199,000	32,012	794,420	83,750
Virginia	7,006,310	672,133	2,364,333	419,906	9,370,643	1,092,039
Washington	2,630,959	337,408	819,146	178,705	3,450,105	516,113
West Virginia	4,739,430	456,250	1,687,949	289,947	6,427,379	746,197
Wisconsin	1,429,462	134,931	2,073,602	367,414	3,503,064	502,345
Wyoming	241,012	27,821	206,860	31,557	447,872	59,378
Continental United States:	197,359,020	18,548,060	81,441,938	14,134,997	278,800,958	32,683,057
Hawaii	502,520	215,630	497,736	67,705	1,000,256	283,335
Puerto Rico	4,692,545	562,099	1,947,549	284,959	6,640,094	847,058
Virgin Islands	111,457	14,772	93,762	12,339	205,219	27,111
Territories	5,306,522	792,501	2,539,047	365,003	7,845,569	1,157,504
Grand Total	202,665,542	19,340,561	83,980,985	14,500,000	286,646,527	33,840,561

National School Lunch Program

Table W

Cost of Typical Foods Used in School Lunches which
Meet Minimum Nutritional Requirements

Fiscal Years 1943 and 1948

Commodity	Unit of Measure	Average cost F. Y. 1943 (cents)	Average cost F. Y. 1948 (cents)	Month of June 1948 (cents)
Milk	quart	15.5	20.6	21.2
Beef chuck	pound	30.2	58.4	69.5
Ham, whole smoked	"	37.7	67.5	68.0
Eggs	dozen	57.2	72.1	67.3
Cheese	pound	37.4	61.2	66.2
Beans, dried	"	10.1	22.3	22.8
Potatoes	"	4.6	5.6	6.3
Oranges	"	8.9	8.6	8.8
Tomato juice, canned	"	10.6	14.5	14.0
Carrots	"	8.8	13.2	14.1
Cabbage	"	7.1	7.6	6.9
Lettuce	"	14.0	13.9	13.5
Onions	"	7.5	11.3	10.8
Peaches, canned	"	14.5	17.3	17.1
Prunes	"	16.6	22.6	20.8
Apples	"	10.8	11.7	14.1
Bread, white	"	8.9	13.4	13.9
Flour	"	6.1	10.1	9.7
Corn Meal	"	5.5	10.8	11.0
Rice	"	12.7	20.4	21.3
Butter	"	52.7	88.4	91.0
Shortening	"	20.0	41.7	45.2
Margarine	"	23.6	40.5	44.1
Salad dressing	quart	50.1	75.6	81.0
Sugar	pound	6.8	9.6	9.2

Source of data: "Retail Food Prices by Cities"
Bureau of Labor Statistics
United States Department of Labor

5. Method of Financing the Program

- a. Federal appropriations comprised 26.9 percent of the total funds available in 1948. Contributions from sources within the state made up the remaining 73.1 percent. The following table gives a break-down of the individual sources of income for 1948.

Estimated Contributions, by Source

Fiscal Year 1948.

Source	Fiscal Year 1948	
	Amount	percent
Federal Appropriation	70,000,000	26.9
Sources within the States:		
Payments by children	138,282,000	53.2
State and Local government : appropriations	29,052,000	11.2
Other local contributions	22,674,000	8.7
Total State Contributions	190,008,000	73.1
Total, Funds Available	260,008,000	100.0

6. State Agencies Assume Greater Share of Administrative Responsibility

A major change in operations under the National School Lunch Act was effected in 1948. Responsibility for administrative review of operations in individual schools was shifted from the Department of Agriculture to State Agencies. During the year, 40 states, the District of Columbia and the Territories conducted administrative reviews of operations in individual schools. In the remaining 8 states, due mainly to inadequate state staffs, the Department was asked to assist State Agencies in this review. The Department conducted comprehensive reviews of State Agency records in all States and continued the review of individual private schools in those States where laws forbid State Agencies to do so.

(h) Market News Service

Appropriation Act, 1949	\$1,689,750
Anticipated Pay Act Supplemental, 1949	120,330
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture"	7,000
Base for 1950	<u>1,817,080</u>
Budget Estimate, 1950	<u>1,821,000</u>
Increase (for additional pay act costs)	<u>+ 3,920</u>

PROJECT STATEMENT

(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)	Increase
1. Livestock, meats and wool:	593,258:	670,600 :	672,045 :	+1,445
2. Fruits and vegetables .. :	610,047:	689,000 :	690,495 :	+1,495
3. Dairy and poultry products:	248,789:	301,075 :	301,725 :	+ 650
4. Grain, hay, feed, seed, :				
rice, hops, and beans ... :	85,497:	94,780 :	94,985 :	+ 205
5. Cottonseed	22,108:	25,090 :	25,140 :	+ 50
6. Cold storage reports ... :	33,401:	36,535 :	36,610 :	+ 75
Total pay act costs	- - :	<u>120,330</u> :	<u>124,250</u> :	
Unobligated balance	19,228:	- - :	- - :	- -
Total available	<u>1,612,328:</u>	<u>1,817,080 :</u>	<u>1,821,000 :</u>	<u>+3,920 (1)</u>
Transferred to "Salaries and expenses, Office of Information, Department of Agriculture".....	+107:	- - :	- - :	
Transferred from:				
"Salaries and expenses, Marketing Services,"				
freight rates for farm products	- 5,000:	- - :	- - :	
"Salaries and expenses, Marketing Services,				
Tobacco Acts"	- 15,000:	- - :	- - :	
"Salaries and expenses, Marketing Services," U. S.				
Warehouse Act	- 20,000:	- - :	- - :	
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	- 6,185:	- 7,000 :	- - :	
Anticipated pay act supplemental	- - :	-120,330 :	- - :	
Total appropriation or estimate	<u>1,566,250:</u>	<u>1,689,750 :</u>	<u>1,821,000 :</u>	

INCREASE

(1) Increase of \$3,920 for additional pay act costs. The Postal Rate Revision and Federal Employees Salary Act of 1948, approved July 3, 1948 (Public Law 900) did not become effective until July 12, 1948. The increase is requested to provide for Pay Act costs on a full year basis in fiscal year 1950, when the cost per person will be \$331.

STATUS OF PROGRAM

Current Activities: This service assists farmers in receiving equitable prices and aids in preventing waste from local surpluses by providing timely and reliable market news.

Current Volume and Scope of Market News Service: The demand by growers, shippers, dealers and others for news reports is met by:

1. The distribution of more than 26,000,000 mimeograph reports during fiscal year 1948, as compared to less than 23,000,000 released in 1947. At the current rate, it is estimated that the demand for reports will reach 29,000,000 in 1949. With current indications of a general tightening of the markets for many agricultural commodities, the demand is expected to reach 33,000,000 in 1950 or about a million short of the 1940 demand. If costs of supplies and equipment continue to increase, it is estimated that the maximum volume of reports that can be distributed with the available staff and facilities will be somewhat less than in 1949.
2. The broadcasting of market news programs daily over 1,079 different radio stations (60% of total United States stations) without cost to the Federal Government. (Over a million broadcasts were made - the number of daily broadcasts ranging from 1 to 13 for each station.)
3. The regular reprinting of reports in 960 daily newspapers (51.4% of total United States daily papers) during the year and in many weekly, semi-monthly and monthly farm papers.
4. The dissemination of selected reports by all large press wire services.

Market News activity for the past two years by commodity groups is indicated in the following table:

Federal-State Cooperative Agreements,
Fiscal Year 1948 as Compared with Fiscal Year 1947

Cooperating State	Commodity Group							
	Meats and Wool		Fruits and Vegetables		Dairy and Poultry		Grain and Feed Products	
	1947	1948	1947	1948	1947	1948	1947	1948
Alabama	x	x	x	x	x	x	x	x
Arizona	-	-	x	x	-	-	-	-
Arkansas	-	-	x	x	x	x	-	-
California	x	x	x	x	x	x	x	x
Delaware	-	-	-	-	x	x	-	-
Florida	x	x	x	x	-	-	-	-
Idaho	-	-	-	x	-	-	-	-
Illinois	-	-	x	x	-	-	-	-
Iowa	x	x	-	-	x	x	x	-
Louisiana	-	-	x	x	x	x	x	-
Maine	-	-	x	x	-	-	-	-
Maryland	x	x	x	x	x	x	-	x
Michigan	-	-	x	x	x	x	-	-
Minnesota	-	-	x	x	-	-	-	-
New Jersey	-	-	x	x	-	-	-	-
New York	-	-	x	x	x	x	-	-
North Carolina	-	-	x	x	x	x	x	x
North Dakota	-	-	-	x	-	-	-	-
Ohio	-	-	x	x	x	x	-	x
Oklahoma	-	-	x	x	-	-	-	-
Oregon	-	-	-	-	-	-	x	x
Pennsylvania	-	-	x	x	-	-	-	-
South Carolina	-	-	x	x	-	-	-	-
Tennessee	x	x	-	x	-	-	-	-
Texas	x	x	-	x	-	-	-	-
Utah	-	-	-	x	-	-	-	-
Virginia	-	-	x	x	x	x	-	x
Washington	-	-	x	x	x	x	-	-
West Virginia	-	-	-	x	-	-	-	-
Wisconsin	-	-	x	x	-	x	-	-
Total States	7	7	21	27	13	14	6	7
Territory of Hawaii	-	-	x	x	-	-	-	-

Examples of Current Trends and Recent Changes in the Program:

1. Livestock, Meats, and Wool:

- a. On August 8, 1948, a complete livestock market news service was initiated at Memphis, Tennessee. The market news service covering Florida livestock markets, reporting through the Thomasville, Georgia, market news office, was extended on September 1, 1948, as authorized by Congress.
- b. The leased wire was extended to the Los Angeles office from San Francisco, as authorized, and became a part of the Coast circuit of the leased wire teletype system which now connects all of the principal livestock markets and five of the major meat markets of the country.
- c. Under cooperative agreements the States of Florida and Alabama provided additional funds to expand the program in those States. Information collected by State employees was relayed to the Montgomery, Alabama, and Thomasville, Georgia, offices and combined with the information being disseminated.
- d. The San Francisco office began the preparation of a weekly review covering the livestock and the wholesale meat markets in the entire Pacific Coast area. This review was released at the Portland, San Francisco, and Los Angeles offices and was used by newspapers and radio stations in editions and programs on each Friday.
- e. The increase in commercial trading in wool in 1948 created a greater demand for market information and made wool market reporting much more difficult than during the previous year when a higher proportion of the domestic production was sold through the Commodity Credit Corporation.
- f. Comparability of price quotations released at all markets and greater uniformity in activities between offices is expected as a result of the preparation and distribution of a handbook for technical and clerical employees outlining policies and giving detailed instructions for specific activities.

2. Fruits and Vegetables:

- a. The Los Angeles office was expanded to provide for issuance of complete citrus reports adapted to the needs of the California citrus industry, as authorized by Congress.
- b. On September 7, 1948, a market news office was established at Jackson, Mississippi, to provide for reporting of fruit and vegetable market news of the Jackson market and the Crystal Springs-Hazlehurst area.

- c. Lack of sufficient funds to carry the full workload made necessary the discontinuance on August 2, 1947, of the market news reports covering the Washington, D. C., market.
- d. New cooperative agreements or revisions in existing agreements were made with the following States: (1) California, (2) Illinois, (3) Texas, (4) North Dakota, (5) Louisiana, (6) Maryland, (7) Maryland, Virginia, and West Virginia-- a four-way agreement wherein these States collectively paid one-half of the cost of an extended service at Martinsburg, West Virginia, to cover the Shenandoah-Cumberland peach marketing season, (8) Michigan, (9) Idaho, (10) North Carolina, (11) Tennessee, and (12) Utah.
- e. New summarization of carlot shipments which indicates the total movement by commodities from any particular county or waybilling station was made possible by the flexibility of IBM operations. These summaries should prove very valuable to those interested in the production, marketing and distribution of fruits and vegetables.
- f. Submission of data on unloads by railroads were resumed on major selected fruits and vegetables in 100 United States and 5 Canadian cities during the year as compared to only 66 cities when the reports were discontinued in 1940. These data were compiled into reports and released currently each month through market news field offices and were summarized for the year and published by the Washington office.
- g. Peanut reports went to approximately 1,100 peanut growers, shellers, millers, dealers, and others. The honey report was mailed to about 2,500.

3. Dairy and Poultry Products:

- a. New offices were established at Cleveland, Ohio, St. Louis, Missouri, and Madison, Wisconsin. Amendment of the Ohio cooperative market news agreement added Columbus as a Federal-State office. Market reports on dairy and poultry products are now issued from 28 offices. Recruitment problems have delayed initiation of the dairy and poultry market news service at Jackson, Mississippi.

- b. Service was extended in existing offices as follows: (1) dressed poultry market reporting was added at New York, (2) reporting of dressed poultry and local wholesale prices of cream used for ice cream was added at Atlanta, (3) turkeys were added to the poultry list at Chicago, covering receipts at 225 primary markets in 17 midwest States, (4) arrangements were completed for weekly reports on carlots of eggs and butter moving into the Pacific Coast

area from the Midwest, (5) radio and press outlets were further expanded, (6) the teletype system was extended to New Orleans, and (7) the service at Boston, Massachusetts, was strengthened this fiscal year by including daily reports of f.o.b. prices of live poultry at the more important poultry processing plants in nearby New England.

c. Discontinuance of the report covering the Washington, D. C., market was necessary in fiscal year 1948 due to lack of funds.

d. A new cooperative agreement with the Maryland State Department of Agriculture, which provides for increased State participation, has been prepared as a means of improving the service in the Baltimore area.

4. Grain and Grain Products:

a. Requests for market information from farmers, feeders, and the agricultural industry as a whole increased as trading in grain, feed and related commodities became more nearly normal. State marketing officials showed a renewed interest in the development of Federal-State market news service to assist in meeting marketing problems resulting from expansion in grain production.

b. Cooperative arrangements were in effect with the American Rice Growers Cooperative Association and the Rice Millers Association for the dissemination of rice statistics and market information released by the Department. Cooperative agreements with seven States were also in effect.

c. Special market reports and summaries were prepared for extensive radio and press dissemination.

d. More than 500 statistical series, including production, stocks, market movement, utilization and prices of the principal grains, grain by-product feeds, oilseed meals and rice, were maintained for current use in the preparation of market reports and in replying to special requests.

5. Cottonseed:

a. Cottonseed market reviews were issued from Atlanta, Dallas, and Memphis throughout the active marketing season. These reports show (1) the high, low and average grades by counties, (2) average wagon lot prices paid farmers, and (3) general information on cottonseed market conditions throughout the industry. These reports were used by farmers as guides in selling and by county agents and other agricultural workers to assist farmers in obtaining fair prices for seed. Ginnery and oil mill operators also used these reports as guides in buying and selling seed.

6. Cold Storage Reports:

- a. Monthly cold storage reports issued during the fiscal year 1948 show stocks of approximately 87 different items in about 1,800 refrigerated warehouses having a total of 650 million cubic feet gross cold storage space. These reports, released in mimeograph form, were wired to 65 market news branch offices for use by farmers, processors, members of the trade, bankers, research agencies and others. The value attached to these reports is indicated by the large demand for them and the prominence with which they are featured in the press and trade publications.
- b. Special reports are issued from time to time to assist in overcoming unusual cold storage problems. For example, in the summer of 1947 apple crop prospects indicated that fairly large demands would be made upon suitable storage space. A report was issued showing estimated peak holdings for apples and pears by States. In areas where storage space was scarce assistance in locating space was given to all producers and shippers requesting it.
- c. In March the third of a series of annual summaries was released. This publication gives data by regions for the various commodities reported in the monthly cold storage reports.
- d. Cooperative arrangements have been made with New York, Virginia, Massachusetts, Vermont, and Connecticut which do not have reporting laws, to improve the returns from those States. These arrangements have proved of mutual benefit to the States concerned and the Federal Government.

General: The market news leased wire system as of June 30, 1948, had a total mileage of 9,566 miles and was servicing 74 market news offices. This did not include numerous points serviced by teletype and the approximately 40 seasonal stations which are operated during the active marketing seasons. Within the past few years 19 permanent offices and 13 seasonal points have been added to the circuits and the work at other points has been strengthened and expanded. The addition of each new point or office has resulted in additional regular and special reports being placed on the main trunk lines of the system and causing an overload on the 8 teletype circuits. To relieve this situation, effective December 1, 1948, the teletype machine settings were increased from the present speed of 60 words per minute to 75 words per minute thereby increasing the efficiency of the system.

(i) Market Inspection of Farm Products

Appropriation Act, 1949	\$712,000
Anticipated Pay Act Supplemental, 1949	36,500
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture"	48,000
Base for 1950	796,500
Budget Estimate, 1950	760,000
Decrease (due to absorption of pay act costs)	<u>-36,500</u>

PROJECT STATEMENT

(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)	Decreases
1. Inspection and certification of fresh and processed fruits and vegetables	457,670	534,190	510,500	-23,690
2. Grading and certification of dairy and poultry products	71,587	78,300	74,560	-3,740
3. Inspection and certification of rice, hay, beans, peas, seed, hops, and miscellaneous agricultural commodities	42,421	56,325	53,560	-2,765
4. Grading and certification of meats and wool	86,872	91,890	87,350	-4,540
5. Inspection of cottonseed	33,230	35,795	34,030	-1,765
Total pay act costs	- -	<u>47,139</u>	<u>45,913</u>	- -
Unobligated balance	69,259	- -	- -	- -
Total available	<u>761,039</u>	<u>796,500</u>	<u>760,000</u>	<u>-36,500 (1)</u>
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-49,039	-48,000	- -	- -
Anticipated pay act supplemental	- -	-36,500	- -	- -
Total appropriation or estimate	<u>712,000</u>	<u>712,000</u>	<u>760,000</u>	

DECREASE :

(1) Decrease of \$36,500 in this item for 1950, due to total absorption of Pay Act costs. Adjustment of the work program to the level of available funds is expected to affect current operations as follows:

- (a) A general reduction in operations affecting all projects,
- (b) Postponement or elimination of planned equipment purchases under the project for grading and certification of meats and wool, and
- (c) Closing of the one-man Fruit and Vegetable inspection office at Fort Worth, Texas by providing for the handling of this work from Dallas.

STATUS OF PROGRAM

Current Activities: The purpose of this item is to provide upon request, for a specified fee, an impartial inspection and grading service for farm products on the basis of U. S. Standards as to class, quality and condition so that:

1. Producer prices will reflect premiums or discounts according to quality of the product.
2. Producers and dealers can move to each market or outlet the grade of product desired.
3. Production of higher quality products will be encouraged resulting in increased farm income.
4. Settlement of disputes among buyers, sellers, carriers and others can be facilitated by use of the inspection certificate.

Most of the work is performed under cooperative agreements with States or private agencies. Inspections are made and certificates issued by inspectors or graders who are either federally employed or federally licensed. Licensees are trained and supervised by Federal supervisors. Activities are conducted along five commodity lines:

1. Fruit and vegetable inspectors examine produce at receiving markets and shipping points for commercial, public, and private agencies; special type of service (continuous factory inspection) is rendered at canning plants and at processing plants for frozen, dried, and dehydrated products.
2. Dairy and poultry products are inspected and graded for commercial firms or government agencies at terminal markets, public warehouses, and processing plants.
3. Rice, hay, beans, peas, seed, and hops are inspected at terminal markets and in producing areas; miscellaneous agricultural commodities are examined for compliance with contract specifications; and flaxseed and soybean samples are chemically analyzed for oil content.
4. Meats at packing establishments are identified as to grade by applying official stamp on fresh and frozen meat, cured or manufactured meat, and meat products. Samples of wool are tested to determine shrinkage.
5. Cottonseed is graded based on a chemical analysis of samples drawn at cottonseed crushing mills.

Revenues:

Fees collected for the service, are used to pay a large part of the expenses of the inspection work. Funds available to defray the inspection expenses vary with the volume of service performed. For the past five years these were as follows:

Source	Fiscal Year				
	1944	1945	1946	1947	1948
Market Inspection	:	:	:	:	:
of Farm Products:	:	:	:	:	:
Direct Appropriation	546,679	547,679	542,000	596,000	712,000
Reimbursements ..	210,050	180,000	243,679	223,436	486,866
Trust and Working Funds	6,896,669	7,965,087	7,591,510	6,175,126	5,128,849
Total funds available:	:	:	:	:	:
For obligation	7,653,398	8,692,766	8,377,189	6,994,562	6,327,695

A portion of fees collected, in addition to those used to defray expenses, are deposited to "Miscellaneous Receipts" of the Treasury. The extent to which these returns to the Treasury offset obligations incurred under the direct appropriation is shown in the following table:

	Fiscal Year					
	1943	1944	1945	1946	1947	1948
Returned to the Treasury:						
Direct Deposits:	287,902	347,155	347,962	361,975	428,604	367,091
Transfers from trust funds ..	149,145	152,689	152,689	104,000	84,000	94,624
Total	437,047	499,844	500,651	465,975	512,604	461,715
Obligations under the appropriated funds	494,648	536,051	513,784	535,281	589,290	577,706 1/2
Percent self-supporting	88	93	97	87	87	80

- 1/ Excludes non-recurring obligations for purchase of special equipment for initiation of new services.
 - 2/ Excludes printing and binding obligations reflected for comparability
- Inspection rates were increased about November 1, 1947 for fresh carlot inspection; on July 1, 1948 for some grain products and miscellaneous commodities inspected for compliance with specifications; and on September 16, 1948 for processed fruits and vegetables. For new contracts drawn up for continuous inspection service (fruit and vegetable), the basis for the charge was also revised.

Selected examples of recent progress and trends:

Trend and Volume of Service:

1. The volume of inspections and gradings, by commodity groups, performed for the past three years is reflected in the following table:

Commodity Group	Fiscal Year	Fiscal Year	Fiscal Year
Farm Products Inspected	1946	1947	1948
<u>Fresh Fruits and Vegetables:</u>			
(car or carlot equivalents):			
At receiving markets	113,528:	80,405:	121,065
At shipping points	791,731:	890,786:	870,382
Total carlots	905,259:	971,191:	991,447
<u>Processed Fruits and Vegetables:</u>			
Canned products (cases) ..	103,708,155:	82,032,031:	88,521,216
Frozen, dried and miscellaneous (lbs)	915,047,493:	568,203,249:	1,058,578,144
<u>Dairy Products:</u>			
Butter, cheese, dry skim milk, butter spreads and oils (lbs)	634,389,754:	681,117,496:	557,174,963
Evaporated milk (cases) ..	11,636,280:	8,164,523:	5,021,478
<u>Poultry Products:</u>			
Shell eggs (cases)	10,938,374:	12,633,547:	14,263,920
Processed eggs (lbs)	545,278,618:	895,944,309:	381,195,601
Poultry (lbs)	519,133,038:	476,529,357:	527,969,937
<u>Grain Products:</u>			
Rice, beans and peas (100 lb bags)	25,636,031:	44,765,557:	26,290,543
Hay (tons)	495,493:	256,830:	70,992
Hops (bales)	295,742:	267,821:	256,701
Seed inspection, verification, and reverification (lbs)	44,420,633:	71,967,426:	66,418,047
Miscellaneous commodities (certificates issued)	36,083:	48,202:	62,293
<u>Meat and Meat Products:</u>			
Fresh and frozen meats (lb) ..	11,335,352,267:	5,495,714,000:	2,722,135,378
Cured meats (lbs)	136,043,873:	22,648,000:	29,723,127
Manufactured products (lbs) ..	428,818,003:	104,165,000:	114,975,010
Miscell. meat products (lbs) ..	265,660,416:	74,360,000:	20,895,688
Hog casings (bundles)	243,598:	- -	- -
<u>Cottonseed (samples analyzed)</u>	123,357:	111,371:	126,747

2. As expected under a permissive service, the volume of inspection performed fluctuates for individual commodities from year to year depending on the production, supply, demand (both foreign and domestic), prices, and procurement activities of federal agencies.

Developments during the past year in specific commodity fields:

1. Fresh and Processed Fruits and Vegetables:

- a. 20,000 more carlots of fresh fruits and vegetables were inspected in 1948 than in 1947. Carlots inspected at receiving markets for public and private agencies more than doubled, due mainly to the marked increase in inspections for the Army, other federal agencies, and steamship lines.
- b. Inspection of spinach leaves packed in consumer size packages was inaugurated in 1948. The one applicant, a large spinach repacker in Boston, was given continuous inspection service and agreed to meet certain sanitary conditions in his plant in addition to requirements for the consumer grade under which the product was packed. This may develop into an important new field of inspection as other fresh items are packed in consumer size packages and consumer standards are developed and issued.
- c. 75% more processed fruits and vegetables in all groups measured in terms of quantities were inspected during 1948 than in the previous year. This resulted primarily from increases in inspections for Government agencies and commercial concerns other than continuous factory type.
- d. Continuous factory inspection at processing plants reflected a slight decrease in the number of plants approved. 115 plants operated by 86 companies were using this service on June 30, 1948 compared to 119 plants operated by 94 companies on June 30, 1947. The volume processed under this type of service in 1948, however, was only about 8% smaller than in 1947.

2. Dairy and Poultry Products:

- a. Butter graded in 1948 increased 45 percent although total units of dairy products inspected and graded decreased more than 15 percent. This increased interest in the federal grading of butter during the year was reflected in the development of several additional grade labeling programs including one large chain store company operating on a nation-wide basis. Additional expansion of grade labeling is anticipated as supplies of top-quality butter become more plentiful. The New York Mercantile Exchange rules were amended to provide for acceptance of federal certificates as a basis for trading. Practically all sales of butter over the Exchange are now covered by federal certificates.

- b. Continuous inspection service at processing plants--inaugurated upon request in 1947--operated successfully in several cheese processing plants during the year. Expansion of the program to other types of dairy plant operations is being explored and considered.
 - c. Growing interest in grade labeling of consumer packages of shell eggs and dressed broilers and fryers was indicated. Numerous new firms applied for this type of service.
 - d. Acceptance of the U. S. inspection certificate on eviscerated poultry is under consideration by certain foreign countries. This action would open up export channels for poultry which are now practically closed because of the import requirements of these countries.
3. Rice, Hay, Beans, Peas, Seed, Hops, and Miscellaneous Agricultural Commodities:
- a. The number of certificates issued under this program during the year--approximately 114,000--was 17% less than in the preceding year but about 8% more than in 1946. Factors resulting in the net decrease included:
 - (1) Rice inspections during 1947 were 30,000 more than normal because of OPA regulations requiring every lot of rough rice sold by producers to be inspected for class and moisture.
 - (2) The number of hay inspections in 1948 was only about 35% of the number in 1947 due primarily to the discontinuance of (a) federal buying of hay for UNRRA, (b) buying of hay by the Army, and (c) maximum price regulations under which grade certificates were necessary in order to secure premium prices for high quality hay.
 - (3) Bean inspections were more than 50% greater than in 1947.
 - (4) Miscellaneous commodity inspections increased about one-fourth.
 - b. Soybean and flax-seed testing service for oil content is being made available to producers at two new laboratories -- Peoria, Illinois, and Minneapolis, Minnesota. Difficulty in securing the special equipment and qualified personnel delayed the initiation of this service authorized for the fiscal year 1948. The equipment on order for many months, has been received and installed; two chemists have reported for duty; and the tentative regulations were published in the Federal Register of November 3, 1948.

4. Meats and Wool:

- a. The meat grading organization has been adjusted to coincide with shifts in demand for grading service and with the decreased revenue from this service. The continuing decline in the volume of meat graded in 1948 is due mainly to drastic reductions in meat supplies in relation to demand, making it possible to merchandize meat with little or no regard to any grade standards. The volume of meat Federally graded will probably continue at about the current level until meat supplies become more plentiful. Most of the requests for meat grading are made by (1) national and local chain stores; (2) independent packers who, with no widely accepted brand, offer Federally graded meat in the large market centers in successful competition with nationally advertised brands; (3) Federal and State supported institutions; (4) steamship lines; and (5) railroads that provide diner services.
 - b. Initiation of the wool core testing service for producers, although planned early in the fiscal year 1948, was held in abeyance until late in the year pending a clarification of the wishes of Congressional committees. In compliance with instructions contained in the Conferees' report on the 1949 Agricultural Appropriations Act, the Department is preparing a list of specifications and plans to call for bids by privately-owned core testing laboratories on the cost of performing the service in order to determine whether these tests should be made in Government laboratories or by contract with privately-owned laboratories.
5. Cottonseed: Official gradings were applied to about 75% of the cottonseed available for crushing purposes in the United States during the 1947-48 season. Certificates were issued evidencing the grade of about 3,168,000 tons of seed - nearly 14% more than the previous year.

(j) Marketing Farm Products

Appropriation Act, 1949	\$1,084,500
Anticipated Pay Act Supplemental, 1949	69,225
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture"	18,000
Base for 1950	1,171,725
Budget Estimate, 1950	1,102,500
Decrease (due to total absorption of pay act costs)	<u>-69,225</u>

PROJECT STATEMENT

(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)	Decreases
1. Standardization and marketing research on fresh and processed fruits and vegetables.....	62,993	69,500	69,500	- -
2. Standardization and marketing research on livestock, meats and wool:	73,546	79,165	79,165	- -
3. Standardization and marketing research on dairy and poultry products	88,396	103,620	103,620	- -
4. Standardization and marketing research on grain, rice, beans, peas, hay, seeds and hops	122,030	130,185	130,185	- -
5. Standardization and marketing research on cotton and cottonseed ..	373,738	423,630	408,630	-15,000
6. Research on transporta- tion and packing and packaging	10,345	13,035	13,035	- -
7. Freight rates for farm products	125,908	140,490	136,500	- 3,990
8. Obtaining adequate mar- ket, storage, and trans- portation facilities ...	56,847	57,700	57,700	- -
9. Food production and marketing assistance ...	186,834	154,400	104,165	-50,235
Total pay act costs	<u>75,860</u>	<u>75,860</u>	<u>71,783</u>	
Unobligated balance	51,001	- -	- -	- -
Total available	1,151,638	1,171,725	1,102,500	-69,225 (1)

Continued on next page

Project	1948	1949 (estimated)	1950 (estimated)
Transferred to: "Salaries and expenses, Office of Information, Department of Agriculture"	+\$927	-	-
Transfer in 1949 estimates from: "Salaries and expenses, Bureau of Agricultural Economics, "economic investigations ..	-11,500	-	-
"Salaries and expenses, Marketing Services, "freight rates for farm products:	-124,925	-	-
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-16,140	-\$18,000	-
Anticipated pay act supplemental	-	-69,225	-
Total appropriation or estimate	1,000,000	1,084,500	1,102,500

DECREASES

(1) Decrease of \$69,225 in this item for 1950 due to absorption of Pay Act costs. Adjustment of the work program to the level of available funds is expected to affect current operations as follows:

(a) Curtailment of work at the cotton research laboratory at College Station, Texas.

(b) Curtailment of work in connection with obtaining reasonable freight rates for farm products.

(c) Curtailment of activities on production goals, and elimination of nutrition coordination activities under the project "Food production and marketing assistance" now carried on by a small group of employees serving as the focal point for coordination of programs of Federal and State agencies designed to improve the nutritional standards of the American people.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Marketing farm products: For acquiring and diffusing among the people of the United States useful information relative * * * including not to exceed \$10,000 for employment pursuant to the second sentence of section 706 (a), of the Organic Act of 1944 (5 U.S.C. [541b] 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a) * * * [printing and binding;] purchase of one passenger motor vehicle for use in the District of Columbia for replacement only; and not to exceed \$150 for newspapers, * * *.

The first change in language is solely for the purpose of correcting a statutory citation.

The second change in language deletes the authority for incurring expenses for printing and binding, retention of which is no longer necessary under this item in view of the inclusion of printing and binding authority for the Department as a whole in the General Provisions of the Bill.

The third change in language is for the purpose of authorizing the purchase of one passenger-carrying vehicle for use in the District of Columbia for the replacement of a worn-out vehicle which has been in continual use for ten years. This automobile is maintained for general use by officials of the Production and Marketing Administration who are required to attend meetings, hearings, etc., throughout the city in connection with administrative functions for which they are responsible.

The first part of the report deals with the general situation of the country and the progress of the work. It is followed by a detailed account of the various projects and the results obtained. The report concludes with a summary of the work done and the conclusions reached.

The second part of the report deals with the financial aspects of the work. It gives a detailed account of the income and expenditure of the organization and the results of the financial year.

The third part of the report deals with the administrative aspects of the work. It gives a detailed account of the organization of the work and the results of the administrative year.

The fourth part of the report deals with the social aspects of the work. It gives a detailed account of the social work done and the results of the social year.

STATUS OF PROGRAM

Current Activities - Under this appropriation, the Department (1) establishes standards for farm products, (2) devises improved distribution methods and techniques, (3) acts to obtain reasonable freight rates for farm products, (4) assists in solution of transportation, storage, and marketing facilities problems, (5) establishes production goals in relation to needed supplies, and (6) acts to coordinate and expedite activities of industry and Federal agencies on marketing problems.

Marketing is a major problem of agriculture today. To be efficient, a distribution system must move as large a quantity of products as possible from farm to consumer, and deliver these goods in as good condition as possible with reasonable marketing costs. Changes in general economic conditions, methods of processing, the introduction of new commodities and the appearance of old commodities in new forms, all contribute to making marketing problems continuous and difficult to solve. Standards established under this appropriation have been adopted in every State in the Union. These standards constitute the uniform terminology for trading in most agricultural commodities. They are essential to regulatory activities under such Federal laws as the Grain Standards Act, the Cotton Futures Act, the Cotton Standards Act, the Commodity Exchange Act, the Cotton Grade and Staple Statistics Act, the Perishable Agricultural Commodities Act, and the Export Apple and Pear Act.

Activities under this program include:

1. Development and improvement along commodity lines of official quality standards for facilitating marketing transactions, based upon:
 - a. Factors affecting desirability or economic value of farm products, such as:
 - (1) Readily measurable characteristics such as size, weight, and freedom from defects, and
 - (2) Characteristics subject to less precise measurement outside a laboratory, such as color, flavor, body, and tensile strength.
 - b. Development of new devices and methods for testing farm products for grade determining factors.
 - c. Testing of grades under actual commercial conditions.
2. Demonstrations of grade standards and methods for their application.
3. Developing and recommending along commodity lines adoption of improved marketing methods and practices, based upon studies of:
 - a. Trends in methods of assembling at shipping point,
 - b. Trends in methods of processing, storing, and handling,

- c. Practices that move products to consumers quickly, efficiently, and in ways that maintain quality longer.
 - d. Effects of local and State laws on efficient distribution and movement of farm products across State lines.
4. Assisting in assuring reasonable freight rates and in solution of transportation, storage, and marketing facilities problems for farm products, through:
- a. Analysis of transportation and marketing developments to determine whether adjustments should be made in transportation rates pursuant to shifts and changes in the volume of goods, competitive situations, and new systems of marketing.
 - b. Participation in formal and informal proceedings with the carriers, rate-making bureaus, and regulatory bodies in obtaining reasonable freight rates, rate adjustments, transit arrangements, etc.
 - c. Research on improvement of transportation methods, packing, packaging, and wholesale and retail market practices to facilitate distribution and consumption and maintenance of quality.
 - d. Development of basic principles and improvement of yardsticks for determining proper location, construction, and operation of various types of facilities.
 - e. Collaboration with other Government agencies, private organizations and individuals in developing programs to meet emergency transportation problems and avoid shortages of equipment for moving and storing farm products.
5. Establishing agricultural production needs and guides by periodic and systematic reviews of:
- a. Current and projected need for specific commodities.
 - b. Current and projected supply of commodities.
 - c. Availability and capacity of productive resources.
6. Coordinating nutrition activities of Federal, State, and local groups in order to direct full resources of nutrition groups toward realization of the full potential of our domestic food market.

EXAMPLES OF RECENT PROGRESS AND TRENDS

1. Development of Grade Standards: New grade standards are constantly being developed and old ones are being revised to meet the changing needs and demands of the industry. Illustrations of work in this field during 1948 included:
- a. New and revised standards were released for five fruits and vegetables and ten others are being processed.

- b. For the first time United States consumer standards were issued in the fresh fruit and vegetable field, on potatoes and spinach leaves. Consumer standards for tomatoes, which have been requested by the trade, are being developed.
- c. The official standards for the various grains were studied for the purpose of reducing the number of grades and simplifying grade specification in order to make the standards more practicable for commercial usage.
- d. At the request of the trade, checks were made at 15 markets and hearings were held at four important soybean markets to determine the adequacy of the soybean standard.
- e. Comprehensive studies were initiated for analyzing available information and securing needed additional information on the various factors affecting quality of milk and its products as well as measures and controls of quality. This information is basic for developing standards for milk, cream, and dairy products other than butter, cheese, and dry milks.

2. Demonstration Activities and Visual Aids: Demonstration activities and visual aids were developed to promote wider use and more efficient interpretation of grade standards. Some of these activities included:

- a. Demonstration of class and grade standards of live animals and meat at twenty markets and livestock shows. Almost the entire meat packing industry was represented at three conferences held to demonstrate and discuss the qualifications of beef carcasses for the established Federal grades.
- b. Ninety-four units of wool standards and 19,410 wedge scales, used in wool fiber measurement, were distributed.
- c. 408 type samples illustrating grades of hay were furnished agricultural colleges and county agents for use in educational work in twenty-one states.
- d. Sets of photographs - colors and black and white - illustrating differences in egg quality were prepared and distributed to various educational groups, industry agencies, and to inspection supervisors for training egg graders. In the first printing of the color charts, 50,000 copies were made and distributed in response to requests in less than three months. An additional 300,000 are now being printed.
- e. Color photographs of all classes, forms and grades of poultry were made for use as slides and charts to illustrate differences in poultry quality and grades.
- f. "Consumer Tips for Buying Eggs," featuring selection of eggs on a quality basis, was multilithed for general distribution. 40,000 copies have been mailed upon request.

- g. A survey and inventory of the standardization models for fruits and vegetables (some of which have been in use since 1929) was made. Many of the models are being repaired and repainted; others are being changed in accordance with changed requirements; new models are being prepared to illustrate new standards which have been issued.

3. Other Standardization and Marketing Research Activities:

a. Cotton Fiber and Spinning Testing Service in Greater Demand:

- (1) During the year 37,842 tests were performed for cotton breeders and others requesting the service under the Service Testing Act. This represents 43 percent more tests than were made in the fiscal year 1947 and 111 percent more than performed in 1946. Service fees collected during the year amounted to \$27,057.45, an increase of 24 percent compared with the preceding fiscal year.
- (2) Methods now being perfected will make it possible to make valid spinning tests of cotton with the use of much smaller samples of raw cotton than under present methods. This is of special significance, since the development of a new strain is often very expensive and time-consuming. The new method will in some instances make it possible to test new varieties a year earlier than is now possible as small experimental plots will produce a sufficient quantity of fibre to make a valid test.

- b. Automatic Bale Sampler Improved: Equipment for the automatic sampling of cotton bales while they are being formed in the press box at the gin continued to be improved. During the year, work in this field was confined principally to the operative elements of the automatic sampler. Substitution of commercial types of electric unit control equipment for gear driven mechanisms resulted in the reduction of floor space requirements, probable cost of manufacture of the sampler, and increased adaptability with various types of gin equipment.

- c. Ginning Economics Studied: The cost and quality of ginning services were studied in several sections of the Cotton Belt during the fiscal year 1948 and data collected the preceding fiscal year were analyzed. It was found that cotton harvested by comparable methods but ginned at better equipped gins had an average increased value of \$7 per bale in one area, \$3 per bale in another area, and an equal value in the third area as compared with cotton ginned at the less extensively equipped gins. Information developed in these studies make it possible to measure the monetary stake farmers have in improving ginning facilities and to provide background data upon which improvements in ginning practices can be based.

d. Grading and Marketing Cottonseed:

- (1) Work is now in progress to determine the optimum agitation speed and air velocity for cleaning and thorough mixing of cottonseed by a machine devised to clean foreign matter from samples.
- (2) Preliminary data obtained from 45 percent of the active oil mills indicated that one-half of the oil mills, representing 75 percent of the total tonnage, purchased cottonseed based on official grade. The data further disclosed the manner of purchase and shipment, and the average transportation cost and distance of haul. These data will be used to evaluate such costs and practices with a view to improving marketing methods and reducing costs.

c. Cotton Market Outlets: Extensive fiber properties and spinning performance tests were made of: (1) each of the leading varieties of cotton being produced in single variety areas throughout the Cotton Belt; and (2) the cotton being used by representative manufacturers of some of the principal products made of cotton.

f. Equipment Testing:

- (1) Over 3,500 individual check tests were made of the numerous kinds and types of apparatus used for inspection and grading of grains and grain products to insure uniform procedures and accurate results.
- (2) Periodic tests of moisture meters, weight-per-bushel apparatus, dockage testers, sieves and other types of equipment used in inspection were made to insure accurate results in the inspection service.
- (3) Licensees were also assisted in check testing their grading equipment.

4. Obtaining Reasonable and Equitable Freight Rates for Farm Products: Protecting agriculture's interest by aiding in securing reasonable transportation rates on farm and food products continued to be an important responsibility of the Department. The highlights of this work in 1948 included:

a. Benefits to Producers

- (1) Estimated measurable savings to producers resulting from rate actions in which the Department has participated are reflected in the following table:

Commodity Group	Estimated Savings F.Y. 1947	Estimated Savings F. Y. 1948	Estimated Cumulative Savings Since 1939
Cotton and vegetable oils	\$7,425,000:	\$6,974,000:	\$62,742,000
Dairy and Poultry Products	849,000:	2,217,000:	4,506,000
Fertilizers	53,134,000:	58,436,000:	271,429,000
Fruits and vegetables	14,613,000:	22,824,000:	110,313,000
Grains and grain products	1,400,000:	1,901,000:	10,377,000
Livestock and livestock products	1,212,000:	866,000:	7,402,000
Motor Carrier, water freight and protective services (all commodities)	40,909,000:	25,693,000:	270,864,000
General Rate Charges (all commodities) ..	69,458,000:	71,641,000:	403,600,000
Total	189,000,000:	190,552,000:	1,141,233,000

b. Volume of Activity

- (1) The Department participated in 121 formal proceedings during 1948 before transportation regulatory agencies in addition to the many actions taken directly with the carriers in attempts—successful in many cases—to obtain desired results without resort to formal proceedings.
- (2) At one time during the year the Department was involved in 52 different transportation actions.
- (3) At least 41 actions taken during the year affected each of the 48 states.

c. Nature of Actions Taken

- (1) Due to continued rising costs of operation during the year, carriers petitioned the Interstate Commerce Commission for general rate increases applying to all commodities. The Department made extensive studies of prospective volume of traffic, revenue, and expenses of carriers in order to provide a sound basis for attempting to keep increases to a minimum and still allow the carriers a reasonable return over and above operating costs on a fair value of their investment.
- (2) In the most important single case in which the Department took part during the year, general increases of 20 to 30 percent, depending on the part of the country affected, were granted by the Interstate Commerce Commission as compared with 31 to 41 percent increases sought by the carriers. The Eastern territory was the only area granted more than 25 percent.

(3) The Department secured special limitations on the size of the increase granted for cotton, fruits, and vegetables, fertilizer and fertilizer materials, limestone and marl, phosphate rock, sugar, and vegetable oils. The full percentage increase for these commodities would have resulted in special hardships for producers and tended to retard the flow of commodities from the producing areas to the consumers.

(4) In the truck transportation field the Department has been instrumental in getting the Interstate Commerce Commission to grant a request for a formal hearing and a general investigation into and concerning the scope and applicability of agricultural commodity exemptions. The scope of rate exemptions for farm and food products has been constantly cut down by a number of rulings issued by the Interstate Commerce Commission over the last few years. Competition in the trucking of agricultural commodities, which has acted as a very satisfactory rate regulator, has been gradually eliminated as more and more trucking of agricultural commodities has been brought under rate and route control by these rulings.

(5) In addition to the rather extensive general actions of the type described above, there were many specific actions. Although vitally important to the groups affected, these were actions of a regional concern since they affected the movement of certain commodities or commodity groups between specific areas.

5. Obtaining Adequate Market, Storage, and Transportation Facilities:

a. The shortage of transportation facilities continued to be serious. On June 30, 1948, Class I railroads owned 694,115 serviceable boxcars, compared with 695,937 a year earlier and 729,322 on June 30, 1943. The number of refrigerator cars dropped from 133,557 on June 30, 1947 to 132,554 on June 30, 1948. During the year, however, the car production rate increased and at the present production rate the net gain in car supply is expected to remain at about 3,000 per month. Increased motor truck production and the re-opening of some water transportation facilities, discontinued during the war, relieved some of the pressure on the railroads.

b. Most of the work on transportation facilities during 1948 was centered around determining in advance where car shortages were likely to develop and interfere with marketing of agricultural commodities, and cooperating with other agencies in planning and carrying out programs to prevent or alleviate such shortages. Some of the threatened shortages which were dealt with during the year involved movement of the following:

the record grain crop, the potato crop in late-producing areas, containers to canning plants in the Pacific Northwest, late grain into Duluth in time to take advantage of all available Great Lakes vessels before navigation closed, and limestone for fertilizer from plants in Tennessee and Virginia.

Following is a more detailed description of the work done in connection with one of these problems:

Preceding the 1947 wheat harvest, a survey, based on estimates of production by the Crop Reporting Board and information concerning local grain storage capacities and occupancy in each crop reporting district, was made to determine the approximate quantities of grain that would have to be moved by railroads from each area to a place of storage to prevent spoilage. The results of the survey were made available to the Association of American Railroads and, at the request of the association, were discussed with the principal transportation officers of the railroads serving the wheat producing states. As a result exceptional efforts were made by the association and its member lines to have available ahead of the harvest as many boxcars as possible. Throughout the harvest the Department's county offices sent weekly reports of the local transportation and storage situation to Washington where they were analyzed and a summary prepared and distributed to the transportation officers of the railroads serving the territory to enable them to use their available cars most efficiently. There was practically no loss of grain in the movement of the 1947 crop.

- c. The Department has been cooperating with the Association of American Railroads, refrigerator car lines and others in the development of a new type of refrigerator car which is believed to be a great improvement over present type of equipment. One large refrigerator car line has started construction of eight of these new type cars.
- d. Warehouse space problems developed only in connection with the storage of grain and of some commodities requiring refrigerated space and action by the Department was unnecessary except in these cases.
- e. Basic analytical work was continued in 1948 to determine the size, type, location, design, financing, and operation of market facilities needed in producing areas and concentration markets for the efficient handling of farm and food products, and included:
 1. Study of the factors necessary for the success of concentration markets.
 2. Study of the evaluation, or determining the best ways of financing different types of markets.
 3. Study of the general adequacy or inadequacy of market facilities for the handling of frozen foods to determine where the weak spots are and the kinds of specific studies subsequently needed.
 4. Relative merit of different types of railroad track arrangements to the buildings.

5. Survey of poultry and egg market facilities in some 30 or 40 cities to determine what is wrong, what types are good, general weaknesses, to determine principles that should be followed.

General principles and procedures developed under this appropriation are used by city, State, farm, trade, and other groups having market facility problems, as well as by employees of the Department who are engaged in developing plans for facilities in specific locations.

6. Food Production and Marketing Assistance:

- a. Nutrition Coordination:

- (1) The Department coordinated the work of State nutrition committees in thirty-six States, Puerto Rico and Hawaii, and local committees in two cities, during fiscal year 1948 as well as the nutritional work of all Federal agencies.
- (2) In cooperation with the Bureau of Agricultural Economics, Bureau of Human Nutrition and Home Economics and the Extension Service, a special survey conducted in Richmond, Virginia during fiscal year 1948 indicated the need for continued nutritional education.

- b. Production Goals:

In collaboration with other agencies of the Department, production goals or guides for 1948, as for prior years, were developed and established to assist farmers in making farm production adjustments to achieve a balanced agriculture. These included all major and many minor commodities and crops such as milk, beans, peas, feed grains, potatoes, livestock, naval stores, oil crops, poultry, seed, forage, tobacco (types not covered by marketing quotas), cotton, vegetables, wheat, rye, and rice.

- c. Food Order Liquidation:

Food order activity under this appropriation was liquidated by June 30, 1948. Final audits of the fluid milk order were completed and cases of food order violations were turned over to the courts for action. Because of the normal lag in final action, some food order cases were still pending disposition in the courts on June 30, 1948.

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(k) Tobacco Acts

Appropriation Act, 1949	\$1,552,000
Anticipated Pay Act Supplemental, 1949	71,760
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture"	2,000
Base for 1950.....	1,625,760
Budget Estimate, 1950	1,602,000
Decrease (due to partial absorption of pay act costs).....	<u>-23,760</u>

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	1949 :(estimated):	1950 :(estimated):	Decrease
1. Administration of Tobacco Acts.....	\$1,481,970:	\$1,625,760:	\$1,602,000:	-23,760
Total pay act costs.....	[- -]	[93,521]:	[93,150]:	
Unobligated balance.....	55,610:	- - :	- - :	
	1,537,580:	1,625,760:	1,602,000:	- 23,760(1)
Transfer in 1950 estimates from:				
"Printing and binding, Depart- ment of Agriculture".....	-1,580:	-2,000:	- - :	
Transferred to:				
"Salaries and expenses, Market- ing Services", Market News Service.....	+15,000:	- - :	- - :	
"Salaries and expenses, Market- ing Services", Naval Stores Act.....	+ 1,000:	- - :	- - :	
Anticipated pay act supple- mental	- - :	-71,760:	- - :	
Total appropriation or estimate.....	1,552,000:	1,552,000:	1,602,000:	

DECREASE

- (1) Decrease of \$23,760 in this item for 1950 is due to partial absorption of pay act costs which will be met by program adjustments in the over-all administration of the Tobacco Acts.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the transparency and accountability of the organization. The text also mentions the need for regular audits to ensure that the records are up-to-date and correct.

2. The second part of the document outlines the procedures for handling financial matters. It details the steps for budgeting, spending, and reporting. The text stresses the importance of adhering to the established financial policies and procedures to avoid any mismanagement of funds.

3. The third part of the document focuses on the management of human resources. It discusses the recruitment process, employee training, and performance evaluation. The text highlights the need for a fair and equitable system that motivates employees and promotes their professional growth.

4. The fourth part of the document addresses the issue of risk management. It identifies potential risks to the organization and provides strategies to mitigate them. The text emphasizes the importance of proactive risk management to prevent any adverse impacts on the organization's operations.

5. The fifth part of the document discusses the importance of communication and collaboration. It encourages open communication between all levels of the organization and promotes a collaborative work environment. The text mentions that effective communication is key to the success of any project or initiative.

6. The sixth part of the document provides a summary of the key points discussed in the previous sections. It reiterates the importance of maintaining accurate records, following financial procedures, managing human resources, and addressing risks.

7. The final part of the document concludes with a statement of commitment to the organization's mission and vision. It expresses the confidence in the team's ability to achieve the organization's goals and the commitment to continuous improvement. The text ends with a call to action for all employees to work together towards the common good of the organization.

STATUS OF PROGRAM

Current Activities: The purpose of the Tobacco Acts is to assure tobacco growers a fair price for their product by providing:

1. inspection services (grading tobacco)
2. market news
3. demonstration and training programs for producers
4. standardized grades for tobacco
5. tobacco inventory and statistics reports
6. export permits

Current Activities under the Acts include:

1. Federal activities at auction markets: Federal inspection and market news services are provided at the auction markets in the following manner (an auction market is designated by the Secretary of Agriculture for mandatory inspection service after approval by two-thirds of those voting in a referendum of growers who sell their tobacco at the market):
 - (a) Shortly before the sales begin at auction markets (which vary in size up to nine acres in floor area), current price and market news reports are made available to producers on warehouse floors. (Also current price information is made available through the facilities of the press and radio and established mailing lists.)
 - (b) Immediately before the sales begin, Federal inspectors examine each pile or basket of tobacco and designate the grade of each according to group, quality, color and size. A ticket indicating grade is placed on each pile or basket.
 - (c) As the sale begins, a set of buyers follows the auctioneer to each lot of tobacco. The advance distribution of market information enables the producer to compare bids with the prevailing market price and withdraw his tobacco for resale the following day if the bids are unreasonably low. A check of rejections and resales conducted in the past showed increased returns to farmers varying from 21 to 36 percent over the original bid.
2. Demonstration and training program: An educational program, designed to assist the producer on the farm in preparing his crop for market, includes demonstrations at farms and schools, exhibits at county fairs and farm conventions, and bulletins on the preparation of tobacco for market. Through this program the producer is:
 - (a) informed of the grade standards applicable to his crop.
 - (b) taught how to obtain the best grades by sorting the tobacco leaves into groups with like characteristics.
 - (c) instructed in applying market news reports to the price bid for his tobacco.

School demonstrations, given in cooperation with teachers of vocational education in rural high schools, include:

- (a) instruction in and study of typical grade samples.
- (b) supplying suitable literature for reference purposes.
- (c) special demonstrations for veterans who are engaged in producing tobacco.

3. Establishment of standards in grading of tobacco benefit both producers and tobacco trade:

- (a) by providing an incentive to producers to improve tobacco quality in order to secure better grades and higher prices.
- (b) by providing a quality standard against which tobacco buyers may measure the quality of tobacco they wish to purchase.

Examples of Progress and Volume of Activity:

1. Inspection Service:

(a)	Number of Markets and Volume of Tobacco Inspected							
	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.	F.Y.
	1937*	1942	1943	1944	1945	1946	1947	1948
Number of designated markets ..	20	133	134	138	141	142	147	151
Number of markets inspected ..	20	84	105	103	110	117	147	153
Total number of markets	136	138	138	142	145	148	152	153
Number of sets of buyers 1/ ..	26	114	145	143	147	160	206	217
Tobacco inspected at auction :	:	:	:	:	:	:	:	:
markets (1,000,000 pounds) ..	169	698	927	969	1478	1685	2273	2045
Percent of total pounds sold :	:	:	:	:	:	:	:	:
at auctions	15.1	59.4	68.3	70.8	77.1	83.5	99.2	98.8
Pounds inspected as percentage :	:	:	:	:	:	:	:	:
of 1937	-	413	549	573	875	997	1345	1210

* First year of operation under Act of 1935.

1/ A set of tobacco graders (averaging three) is required for each set of buyers.

(b)	Volume of Inspection of Tobacco by class for F. Y. 1948					
	Number of:					
	Auction	Sets of:				
Classes of Tobacco	Markets	Buyers	Pounds Sold	Pounds	Percent	
	(All in-			Inspected	Inspected	
	spected):					
Auction Markets:						
Flue-cured	81	132	1,406,655,411	1,406,655,411	100.0	
Fire-cured	10	14	80,089,042	80,089,042	100.0	
Dark air-cured ..	8	6	36,625,674	36,625,674	100.0	
Burley	1/ 50	60	501,080,507	501,080,507	100.0	
Maryland	2/ 4	5	45,111,501	20,112,238	44.6	
Total	3/ 153	217	2,069,562,135	2,014,562,872	98.8	
Cooperative Mar-						
keting Assocs. :				144,415,728		
Grand Total:				2,188,978,600		

1/ Two Burley markets, although not yet designated, have qualified for referenda preliminary to designation.

2/ All four markets were designated May 10, 1948.

3/ Includes two markets at which non-mandatory inspection services were rendered on a fee basis. These markets will probably be designated for mandatory inspection during 1949.

2. Market news service on tobacco:

- (a) Daily and weekly tobacco market news service complements tobacco inspection. Growers, the trade and others are provided with current average prices by United States grades, and other pertinent market information by types of tobacco. This service enables growers to know if the price bid for their tobacco is in line with current prices.
- (b) For the first time market news services were furnished the four Maryland auctions and to two additional flue-cured and two additional Burley markets. The service, however, was discontinued at one dark air-cured and one fire-cured market, which did not operate during the year.
- (c) Growers were furnished nearly 1,064,000 copies of reports directly at the time their tobacco was offered for sale. This was approximately 85 percent of the reports distributed. A five percent decrease in distribution of reports, as compared with the previous year, was attributed principally to the smaller crop and the resultant shorter selling season.
- (d) The type and distribution of market news on tobacco are shown in the following table:

	Fiscal Year:	Fiscal Year:	Fiscal Year:
	1946	1947	1948
Reports prepared:			
Press and radio	525	584	731
Other (daily, weekly, seasonal, special)	592	769	722
Total	1,117	1,353	1,453
Distribution of copies:			
Tobacco markets	607,916	1,089,317	1,063,800
Other (press and radio, mailing lists, demonstration and education)	152,179	242,638	199,360
Total	760,095	1,331,955	1,263,160

3. Demonstration and training program:

The volume of this work for the past three years is reflected in the following table:

	: Fiscal Year		: Fiscal Year		: Fiscal Year	
	: 1946		: 1947		: 1948	
	:Num-	Attend-	:Num-	Attend-	:Num-	Attend-
	:ber	ance	:ber	ance	:ber	ance
Farm demonstrations	1,354	16,689	1,061	16,371	1,217	27,883
Farmers' meetings	1,084	8,323	278	4,933	301	3,345
School demonstrations ...	996	31,212	1,153	37,495	1,697	57,108
Farm visits and other	:	:	:	:	:	:
contacts	-	3,006	-	1,903	-	1,072
Training courses for	:	:	:	:	:	:
inspectors	5	111	6	114	4	78
Training courses at	:	:	:	:	:	:
agricultural colleges :	1	40	3	713	3	665
Grading tests held in	:	:	:	:	:	:
field	7	38	3	40	4	47
Farmers' bulletins, etc.:	:	:	:	:	:	:
distributed at	:	:	:	:	:	:
demonstrations	58,125	-	61,500	-	85,000	-

4. Inventory and statistics reports: A quarterly tobacco stocks report provided an inventory of the classes and types of tobacco held by manufacturers and dealers in the United States and Puerto Rico. An annual report furnished a compilation of tobacco statistics for the crop year, as compared with previous years.
5. Export permits: Forty-one certificates were issued during the year for the exportation of tobacco seeds for experimental purposes only.
6. Revenue, Fiscal Year 1948: Fees of \$5,211 were collected for inspection services made available upon request at markets not designated by the Secretary for mandatory inspection. (The Tobacco Inspection Act of August 23, 1935 provides that no fee shall be charged for inspection at designated auction markets.)

(1) Cotton Statistics, Classing, Standards and Futures Acts

Appropriation Act, 1949.....	\$1,399,000
Anticipated Pay Act Supplemental, 1949.....	81,745
Transfer in 1950 Estimates from " Printing and binding, Department of Agriculture".....	11,000
Base for 1950.....	1,491,745
Budget estimate, 1950.....	1,658,000
Increase (For cotton classification and market news service to producer groups organized for cotton improvement).....	<u><u>166,255</u></u>

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)	Increase
1. Grade and staple estimates of the carry-over and the crop.....	265,620	284,029	284,029	--
2. Classification and information for groups organized for cotton improvement	524,259	554,822	721,077	166,255 (1)
3. Administration of the Cotton Standards and Futures Acts	612,159	652,894	652,894	--
Total pay act costs....	<u>7-7</u>	<u>96,259</u>	<u>110,872</u>	--
Unobligated balance....	5,242	--	--	--
Total available.....	1,407,280	1,491,745	1,658,000	166,255
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture".....	-8,280	-11,000	--	--
Anticipated pay act supplemental.....	--	-81,745	--	--
Total appropriation or estimate.....	1,399,000	1,399,000	1,658,000	

INCREASES

(1) An increase of \$166,255 for cotton classification and market news service to producer groups organized for cotton improvement:

Need for Increase: The Smith-Doxey Amendment to the Cotton Grade and Staple Statistics Act requires that the Secretary of Agriculture furnish cotton classing and market information to groups of producers organized to promote the improvement of cotton. The membership in these groups has increased continuously. The volume of classing service required by each member has also increased. Farmers in a community growing one improved variety of cotton and having this cotton classed before it is sold are in position to bargain for its true market value. Without information as to the quality of his individual bales and without current price information, the farmer is at

a distinct disadvantage in marketing. In view of these facts and the anticipated record cotton crops and tightening of the market in the immediate future, a tremendous increase in requests for classings and demand for cotton market news services by Smith-Doxey members is clearly evident for fiscal year 1950.

Smith-Doxey Groups Increasing: Membership in cotton improvement groups has increased each year. The membership in 1948 was 346,500, or an increase of approximately 1900 percent above the 18,589 members in 1939, the first year of operations under the law. These groups have determined the varieties of cotton adapted to the particular soil and growing conditions in their area. One variety of cotton produced in a community usually provides a source of supply for a substantial quantity of cotton of fairly uniform grade and staple length which can be marketed to advantage. By having their cotton classed as provided under the Smith-Doxey Amendment, these farmers can bargain for top market prices. As the advantages of the classing and market news services have become better recognized by farmers throughout the cotton belt, the tendency has been towards an increasing number of groups. The cotton specialists of PMA anticipate that the number of members of such groups will increase materially in the fiscal year 1950.

Participation by Members Increasing: More important for 1950 is the fact that the active participation by members is increasing. This is illustrated by the fact that the number of bales classed under the Smith-Doxey Amendment increased from 83,592 in 1939 to 4,309,581 in 1948, or more than 5100 percent as compared with a 1900 percent increase in membership. The number of samples classed in the fiscal year 1948 was approximately 67 percent greater than the number classed during the prior year. The average of 12 classifications (bales) per member in 1948, as compared with 7 classifications in 1947 was due, not only to the larger over-all yields in cotton, but in large part to the fact that many members now have all of their cotton classed under the program whereas previously some submitted only a small percentage of their production for classing and the fact that the members of these groups have begun to use advanced farming practices. A reversal of this trend cannot be anticipated for the fiscal year 1950.

Record Cotton Crop Adds Impetus to Participation: In addition to these tendencies which can be observed over the years, the need for farmers to have their cotton classed in order to secure top market prices will increase for 1950. The present crop is expected to reach 14,937,000 bales, approximately 3.1 million bales more than last year's crop. A potentially large carryover of cotton from this year's crop and indications that the crop of cotton to be handled in 1950 will also be substantial will mean that cotton farmers will find it increasingly difficult to maintain the income from their crops. This will add impetus to the trend for farmers to have their cotton classed under the Smith-Doxey Amendment so as to secure top market prices. The net result is an anticipated increase in demand for Smith-Doxey classing far greater proportionately than the relative increase in the cotton crop.

More Cotton Classing and Market News Results: In view of (a) the increase in Smith-Doxey members, (b) the increase in classings per

member, i. e., increased participation, (c) the general increase in the cotton crop, and (d) the tightening of the market, the number of Smith-Doxey classings required in the fiscal year 1950 will be greatly increased. It is estimated that federal classers will be called upon to perform 6.5 million such classings in the fiscal year 1950 as required by Section 3a of the Act. This increase in demand for classing will also be accompanied by a need for additional market information on market supply, demand, location, condition and market prices for cotton as required by Section 3b of the Act.

STATUS OF PROGRAM

Current Activities: The Cotton Statistics, Classing, Standards, and Futures Acts promote the improvement of cotton and safeguard the interests of cotton farmers, ginner, merchants, mills, and ultimate consumers of cotton through:

- | | |
|-------------------------------|------------------------------|
| 1. quality standardization | 4. quality and price reports |
| 2. classification and grading | 5. related activities |
| 3. market news | |

Activities under the Cotton Acts include:

1. Preparation of quality reports annually on carry-over, and periodically on current crop supply to provide:
 - (a) information to farmers concerning those qualities which may be grown and marketed to best advantage.
 - (b) a basis for adjusting production to needs, especially those types best suited to the requirements of manufacturers and consumers.
2. Furnishing classification services and market news to farmers (Smith-Doxey Amendment), enabling them to bargain advantageously and obtain full premiums for improved quality, which include:
 - (a) classification of cotton produced by members of groups organized to promote the improvement of cotton.
 - (b) current market news on supplies, demand and prices.
3. Administration of the Cotton Standards and Cotton Futures Acts, which includes:
 - (a) preparation and distribution of official standards used for measuring quality wherever American cotton and linters are sold.
 - (b) licensing and supervision of licensed classers of spot cotton and linters.
 - (c) providing classing service to cotton farmers, manufacturers, and merchants who submit samples for classification.
 - (d) classing of all cotton intended for delivery in settlement of futures contracts, to provide assurance to purchasers of futures contracts that cotton delivered will be of tenderable qualities and that no deliveries will be made at over-valuation.
 - (e) supervising of commercial differences used in settlement of futures contracts by working closely with the 10 spot cotton exchange quotations committees who are responsible for accurate quotations for more than 200 different qualities, scrutinizing quotations and making necessary corrections.

Examples of Progress and Volume of Program Activity:

1. Volume of Classing

(a) Cotton Classifications Made by Federal Employees and by Licensed Classers (Federally Supervised under the Cotton Acts) for Fiscal Years 1946 - 1948

	Number of Classifications Made		
	Fiscal	Fiscal	Fiscal
	Year	Year	Year
	1946	1947	1948
Classifications by Federal :	:	:	:
Employees :	:	:	:
Grade and Staple Statistics:	:	:	:
Act	306,458:	382,570:	381,931
Smith-Doxey (Amendment) Act:	2,905,437:	2,580,273:	4,309,581
Cotton Standards Act:	:	:	:
Public Classing Service :	1,598,107:	888,995:	1,005,096
Federal Penitentiary :	:	:	:
Textile Mill (Reim-	:	:	:
bursable)	15,932:	16,691:	12,633
Cotton Futures Act	111,142:	225,925:	429,731
Total classifications by :	:	:	:
Federal employees	4,937,076:	4,094,454:	6,138,972
Classifications by Licensed:	:	:	:
Classers (Supervised by :	:	:	:
Federal Classers)	:	:	:
Cotton Standards Act	5,720,810:	6,474,555:	4,230,849
(Figures include bale	:	:	:
classifications- and	:	:	:
samples classed in sort-	:	:	:
ing cotton into lots by	:	:	:
grade and staple length):	:	:	:
Total Classifications	10,657,886:	10,569,009:	10,369,821

- (b) Classing by Federal employees during the fiscal year 1948 increased 50 percent over the prior fiscal year, due primarily to:

- (1) an increase of 1.7 million classings for Smith-Doxey groups, and
- (2) approximately .2 million more classings for deliveries on futures contracts. (Classing for future deliveries was 90 percent greater than during 1947.)

2. Growth in Classing and Market News for farmer-members:

- (a) The table below reflects, from the program's inauguration, the demand for and growth of classification and market news service under the Smith-Doxey Amendment:

<u>Fiscal Year</u>	<u>Season Beginning August 1</u>	<u>Members</u>	<u>Samples Classed</u>	<u>Percentage of Crop Classified</u>
1939	1938	18,589	83,592	.8
1940	1939	64,399	265,090	2.3
1941	1940	128,216	1,530,764	12.4
1942	1941	278,782	2,520,083	24.0
1943	1942	281,100	3,567,095	28.7
1944	1943	281,493	3,350,622	30.1
1945	1944	318,700	4,069,117	34.1
1946	1945	342,900	2,905,437	32.8
1947	1946	343,704	2,580,273	30.2
1948	1947	346,500	4,309,581	37.3

- (b) Of outstanding significance during the fiscal year 1948 was the classing for farmer-members of Smith-Doxey groups of over 4,300,000 bales of cotton, a record high since the services were inaugurated in the fiscal year 1939. The benefits from membership in the groups, organized to promote the improvement of cotton, continued to accrue to farmers through premium prices for the one-variety of cotton produced. The number of samples classed in the fiscal year 1948 was approximately 67 percent greater than that classed during the previous fiscal year. The large increase in classing work was performed in the face of a serious shortage of personnel.

3. Grade and staple estimates of the carry-over and the crop:

- (a) The Grade and Staple Statistics Act requires the preparation and publication of the two following types of reports:

- (1) a carry-over report on the grade and staple length of stocks on hand as of August 1.
- (2) a minimum of three reports to be issued annually on the quality of the current crop. However, in response to the appeals of growers, ginners, manufacturers and

others for more frequent information regarding crop quality, reports were issued twice a month during the 1947-48 ginning season for each cotton producing state and for the United States.

(b) A summary of these reports indicated that the average grade of the 1947-1948 crop cotton was higher than for any year since 1939, although the staple length of the crop averaged considerably lower than for the fiscal year 1947.

(c) The distribution of these reports by offices during the fiscal year 1948 was as follows:

<u>Office</u>	<u>Number of Growers and Others Receiving Reports</u>
Washington, D. C.	560
Atlanta, Georgia	2,261
Memphis, Tennessee	4,084
Dallas, Texas	2,550
Bakersfield, California	393
Total	<u>9,848</u>

4. Revenues earned: Revenues in the total amount of \$1,003,123.44 earned from classing cotton, cotton linters, license fees, sale of standards, and cotton samples during the past fiscal year are as follows:

Revenues, Fiscal Year 1948

	<u>Collections</u>
<u>Cotton Standards Act:</u>	
Classing of cotton	\$305,364.68
Classing of cotton linters	48.10
Cotton classing license fees	1,510.00
Cotton linters classing license fees	355.00
Sale of copies of cotton standards	20,446.00
Sale of copies of cotton linters standards	675.00
<u>Cotton Futures Act:</u>	
Classing of cotton	32,095.50
Total collections deposited to Mis- cellaneous Receipts of the Treasury	360,494.28
Value of samples accumulated for sale as Government property (estimated on basis of current price, less baling and handling costs). Proceeds will be deposited to Miscellaneous Receipts of the Treasury:	
Cotton Samples	642,629.16
Total revenue earned	<u>1,003,123.44</u>

(m) Marketing Regulatory Acts

Appropriation Act, 1949	\$3,178,350
Anticipated Pay Act Supplemental, 1949	190,440
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture"	12,000
Base for 1950	<u>3,380,790</u>
Budget Estimate, 1950	<u>3,412,000</u>
Increase	<u><u>+\$31,210</u></u>

SUMMARY OF INCREASES AND DECREASES, 1950

To carry out the first year of a three-year plan for posting and supervising stockyards in accordance with the mandatory provisions of the Packers and Stockyards Act	+83,700
Decrease due to partial absorption of pay act costs ..	-52,490

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	1949	1950	Increase or Decrease
		(Estimated)	(Estimated)	
1. Perishable Agricultural Com- modities, Produce Agency, and Standard Container Acts	\$286,725	\$314,900	\$308,100	-\$6,800
2. United States Grain Stand- ards Act	1,118,085	1,160,050	1,137,400	-22,650
3. United States Warehouse Act ..	535,685	618,700	608,000	-10,700
4. Federal Seed Act	150,754	161,875	158,750	-3,125
5. Packers and Stockyards Act ..	517,652	562,550	646,250	+83,700
6. Naval Stores Act	41,333	41,815	41,000	-815
7. Federal Insecticide, Fungi- cide, and Rodenticide Act	357,403	520,900	512,500	-8,400
Total pay act costs	[- -]	[225,163]	[230,457]	
Total available	3,007,637	3,380,790	3,412,000	+31,210(1)
Transfers in 1949 estimates from the above named projects which were sub-appropriations in 1948	-2,998,717	-	-	
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-8,920	-12,000	-	
Anticipated pay act supple- mental	-	-190,440	-	
Total appropriation or estimate	-	3,178,350	3,412,000	

INCREASES AND DECREASES

(1) Net increase of \$31,210 in this item for 1950 composed of the following:

(a) Increase of \$83,700 under project 5 to carry out the first year of a three-year plan for posting and supervising stockyards in accordance with the mandatory provisions of the Packers and Stockyards Act.

Objective: To recruit and train additional specialized personnel who are to be teamed with present employees to supervise currently posted yards and to post and supervise an additional 75 stockyards.

The Problem: The Packers and Stockyards Act imposes the mandatory duty upon the Secretary of Agriculture to post and regulate all public stockyards of 20,000 or more square feet in area. Of approximately 600 stockyards eligible for posting, an estimated 400 are not posted at the present time. The Department has been unable to carry out the provisions of the Act due to the inadequacy of funds provided for this purpose.

Significance: The regulation of marketing activities at some yards and not at others is obviously unfair. Many producers are required to ship their livestock long distances or be deprived of the protection of the Act. On March 30, 1948 the Department was presented with a formal petition from the American Stockyard Association requesting that the Department post and supervise all eligible stockyards as required by the Act. This petition was presented on behalf of a very large segment of the industry and is indicative of the growing demand for the full enforcement of the Act.

Plan of Work: Upon posting a stockyard it becomes the Department's responsibility to provide supervision that will assure the furnishing of reasonable stockyard and market agency services at reasonable and nondiscriminatory rates to patrons of the market. Operators of posted stockyards, commission firms, and dealers must maintain accurate and complete records covering all transactions. These records are audited periodically by representatives of the Department to ascertain whether unlawful yardage, commission or feed charges have been assessed or whether registrants have engaged in trade practices detrimental to the interests of market patrons. These records are referred to daily in connection with investigations made of complaints filed by producers and other patrons. Based on information developed from such investigations, informal action is taken to effect adjustments of shippers' claims, or formal reparation or disciplinary proceedings are instituted as authorized by the statute.

As of June 30, 1948, 207 stockyards were posted. Approximately 400 yards of 20,000 or more square feet in area are not now posted. The attached schedule A shows, by State, the number of

stockyards posted and the estimated number which should be posted under the Act.

It is not possible in the space of a few months or even a year for the Department to employ and train properly qualified personnel for the full administration and enforcement of the Act. The Department therefore proposes a three-year plan for extending the posting and related work required by the Act to all eligible yards. Under this plan, steps would be taken to recruit, as soon as funds are available, employees to be trained in the work required in posting and supervising yards. These would include marketing specialists and accountants who would be teamed with present employees experienced in the work under the Act in supervising currently posted yards and in posting and supervising an additional 75 stockyards during the fiscal year 1950. When the initial training of these personnel is completed, further personnel would be recruited and trained and the posting extended as rapidly as possible. By this method it is believed that sufficient personnel could be on the job and trained to enable the posting of all eligible yards by the end of the second year of operation under the plan. Any yards not posted by the end of the second year would be posted at the beginning of the third year and supervisory activities provided to assure adequate administration of the Act.

The additional fund requirements, by years, to post and supervise all eligible yards are as follows: fiscal year 1950 - \$83,700; fiscal year 1951 - an additional \$180,000; and fiscal year 1952 - an additional \$74,280, resulting in a total increase above the present level in the third year amounting to \$337,980.

SCHEDULE A

PACKERS AND STOCKYARDS ACT

Number of Stockyards Posted and Not Posted, by State

<u>State</u>	<u>Total Yards In State</u>	<u>No. Yards Posted as of 9/2/48</u>	<u>Non-Posted Yards</u>	<u>*No.. Yards Eligible for Posting</u>
Alabama	44	4	40	8
Arizona	5	-	5	1
Arkansas	39	2	37	7
California	77	7	70	14
Colorado	54	7	47	9
Connecticut	-	-	-	-
Delaware	4	-	4	1
Florida	35	-	35	7
Georgia	43	2	41	8

(Continued on next page)

<u>State</u>	<u>Total Yards in State</u>	<u>No. Yards Posted as of 9-2-48</u>	<u>Non-Posted Yards</u>	<u>*No. Yards Eligible for Posting</u>
Idaho	19	8	11	2
Illinois	95	5	90	18
Indiana	76	5	71	14
Iowa	175	7	168	34
Kansas	134	7	127	25
Kentucky	66	15	51	10
Louisiana	43	7	36	7
Maine	1	-	1	-
Maryland	11	1	10	2
Massachusetts	5	1	4	1
Michigan	62	2	60	12
Minnesota	51	1	50	10
Mississippi	39	5	34	7
Missouri	122	7	115	23
Montana	13	5	8	2
Nebraska	117	36	81	16
Nevada	3	-	3	1
New Hampshire	3	-	3	1
New Jersey	11	1	10	2
New Mexico	4	3	1	-
New York	58	2	56	11
North Carolina	42	-	42	8
North Dakota	34	1	23	5
Ohio	76	12	64	13
Oklahoma	104	7	97	19
Oregon	35	3	32	6
Pennsylvania	58	3	55	11
Rhode Island	1	-	1	-
South Carolina	24	1	23	5
South Dakota	52	7	45	9
Tennessee	41	10	31	6
Texas	157	11	146	29
Utah	9	2	7	1
Vermont	5	-	5	1
Virginia	36	2	34	7
Washington	35	2	33	7
West Virginia	22	3	19	4
Wisconsin	3	1	2	-
Wyoming	12	2	10	2
	2,145	207	1,938	386

*It is estimated that approximately 20% of the non-posted yards will meet the requirements for posting.

(b) Decrease of \$52,490 under projects 1, 2, 3, 4, 6, and 7 due to partial absorption of Pay Act costs. Adjustment of the work programs to the level of available funds is expected to affect current operations as follows:

1. Closing of the Perishable Agricultural Commodities Act office in New York, the license work to be handled from another of the Department's offices in New York, and complaints work to be handled from Washington, D. C.
2. Closing of the Grain Standards Act district offices at Memphis, Tennessee, and St. Joseph, Missouri, and the sub-offices, as necessary, at Grand Forks, North Dakota, Hoboken, New Jersey, Tacoma and Vancouver, Washington, Hutchinson, Kansas, and Decatur, Illinois. Service for these areas will be provided from the nearest remaining offices.
3. General curtailment of activities to the extent necessary under the remaining affected projects.

1. The first part of the document is a list of names and addresses of the members of the committee. The names are written in a cursive hand, and the addresses are written in a more formal, printed hand. The list is organized in two columns, with names on the left and addresses on the right.

2. The second part of the document is a list of names and addresses of the members of the committee. The names are written in a cursive hand, and the addresses are written in a more formal, printed hand. The list is organized in two columns, with names on the left and addresses on the right.

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4. The fourth part of the document is a list of names and addresses of the members of the committee. The names are written in a cursive hand, and the addresses are written in a more formal, printed hand. The list is organized in two columns, with names on the left and addresses on the right.

STATUS OF PROGRAM

Current Activities

This appropriation provides for the administration of eleven marketing regulatory laws designed to protect agricultural producers and others from loss or personal injury resulting from deceptive, fraudulent and careless marketing practices.

Current activities and the problems to be solved vary in their details for each Act, yet the method of administration of each follows the same general pattern and includes two or more of the following:

1. Licensing or registration.
2. Supervision of operations of licensees to assure compliance with the Acts.
3. Collection and testing of samples.
4. Development of standards.
5. Settlement of disputes.
6. Handling of violations.
7. Collection of fees and charges.

Assessments of fees and charges authorized by the regulatory laws are reflected by the following table:

Regulatory Law	Source of Revenue	How Amount of Fee is Determined	Earnings in 1948
Perishable Agricultural Commodities Act	Annual license fee required from all merchants, dealers or brokers of perishable agricultural commodities in interstate or foreign commerce, also arrearages in certain instances	\$10 annual license fee fixed by law	\$266,475
United States Grain Standards Act	(a) Appeal inspections if grade remains unchanged (b) Sale as Government property of samples of grain collected	(a) Amount fixed administratively: \$2 per car, \$1 per 1,000 bushels or \$1 per sample. (b) Current price of grain	\$ 82,086
Naval Stores Act	(a) Grading, classifying, sampling and analyzing naval stores (b) Rental of rosin standards	(a) Amount fixed administratively; varies according to item, location and quantity. (b) \$4 per year plus security deposit of \$100	\$ 6,881

Regulatory	:	:	How Amount of Fee	:	Earnings
Law	:	Source of Revenue	:	is Determined	in 1948
United States	:	(a) Fee for each	:	(a) Amounts fixed ad-	\$15,547
Warehouse Act	:	warehouseman's	:	ministratively:	\$10
	:	license.	:		
	:	(b) Fee for each	:	(b) \$3	
	:	inspector, weigher,	:		
	:	sampler and grader	:		
	:	(c) Fee for initial	:	(c) Based on	
	:	inspection and for	:	capacity	
	:	inspection when there	:		
	:	is an increase in	:		
	:	capacity.	:		
	:		:	Total	\$370,989

Trends: Marketing regulatory activities have generally been increasing since the end of the war. This trend continued through the 1948 fiscal year. Examples are:

1. The number of licenses in effect under the Perishable Agricultural Commodities Act has increased during each of the last three fiscal years - a total of 17 percent for the three year period. During the first four months of fiscal year 1949 the rate of increase had reached about one per cent per month. The number of complaints pending settlement at the end of the year has increased each of the last three years. During the six month's period ending October 1, 1948 this backlog increased from 763 to 1,023. The backlog on October 1 represented approximately 6 months work if all new cases were to be disregarded.
2. Total import actions (a mandatory activity) under the Federal Seed Act have increased 59% during the last three years and an additional 33.5% during the first four months of fiscal year 1949. The backlog of cases of alleged interstate violations reported to the Department for investigation has increased substantially during each of the last three years. Based on the average cases investigated per month during 1948, the backlog on July 1, 1948 represented approximately 8½ month's work.
3. An unprecedented number of new brands and mixtures of insecticides and fungicides are being marketed, and new ingredients are being included in old products.
4. Record grain crops and huge grain export movements are resulting in a continuation of the unprecedented high demand for grain grading and licensing of grain warehouses.

Perishable Agricultural Commodities, Produce Agency, Export
Apple and Pear, and Standard Container Acts:

A. Purpose:

To protect producers, distributors, consumers and others from unfair practices in the marketing of fruits and vegetables; and to establish standards for fresh fruit and vegetable containers.

B. Licensing:

1. More licenses under the Perishable Agricultural Commodities Act were in effect at the end of the 1948 fiscal year than at any other time since the Act was passed. Following are the licenses in effect on June 30 of the last four years:

<u>1945</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>
20,960	22,138	23,595	24,733

2. Licensing actions taken under the Perishable Agricultural Commodities Act increased slightly again in 1948 as it has each year since the end of the war. Licensing activities for the last four years may be compared from the following table:

	<u>1945</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>
Number of licenses renewed.....	15,358	16,546	16,674	17,813
Number of new licenses issued.....	5,602	5,592	6,921	6,920
Number of licenses terminated.....	3,946	4,414	5,464	5,782
Total license actions taken.....	24,906	26,552	29,059	30,515

C. Complaints:

1. While the number of licenses in effect in 1948 increased 5 percent over 1947, the number of complaints of alleged violations of the Act increased 8 percent.
2. Activities in connection with complaints for the last four years are summarized in the following table:

	1945	1946	1947	1948
Complaints pending at beginning of year.....	470	506	546	714
Complaints received during year.....	2,020	2,019	2,267	2,450
Total complaints to be handled...	2,490	2,525	2,813	3,164
Formal decisions rendered.....	86	76	104	118
Informal amicable settlements.....	888	916	894	968
Complaints otherwise closed.....	1,010	987	1,101	1,155
Complaints pending end of year.....	506	546	714	923

3. Informal settlement of damages from violations resulted in the payment of \$950,000 to the damaged parties during 1948. Reparations awarded in the 118 formal orders totalled an additional \$180,000.

D. Produce Agency Act: During 1948, 23 complaints - 2 more than in 1947 - were received under this act. Personal field investigations were made of 11. There was one conviction in Federal Court.

E. Export Apple and Pear Act: No complaints of violation were received, thus activity under this act during 1948 was largely confined to rendering assistance regarding the act's requirements.

F. Standard Container Acts: On June 30, 1948, there were 206 factories equipped to make a total of 998 types of containers subject to requirements of the acts. During 1948, 200 types of containers (1,158 samples) were examined and 52 were found in violation of the acts. 41 items were corrected during the year.

G. Revenues: Although revenues under the Perishable Agricultural Commodities Act have increased during each recent year, the obligations have been increasing at a greater rate. This is in part due to the fact that the license fee rates, fixed in the act, have not been revised since the act was passed in 1930. However, costs of all services such as salaries, rents, supplies, travel and communication have increased substantially. This, together with the employment of several additional investigators required in connection with the unprecedented volume of work on complaints under the act, has resulted in total obligations incurred in 1948 in excess of revenue collected. The following table compares obligations under this project with collections deposited to Miscellaneous Receipts of the Treasury during the last four years:

Fiscal Year	Total Obligations	Collections
1945.....	194,267	234,911
1946.....	205,899	237,516
1947.....	249,102	255,102
1948.....	286,450	266,475

Packers and Stockyards Act:

A. Purpose:

To assure the furnishing of reasonable stockyard and selling services to producers at fair rates, and to eliminate unfair trade practices at public livestock markets.

B. Posting, Registration, and Licensing:

1. The scope of activities is indicated by the number of stockyards, dealers, etc. operating under the provisions of the Act as of June 30 of the years 1945 - 1948.

	1945	1946	1947	1948
No. of yards posted ^{1/}	196	193	201	207
Market agencies and dealers	:	:	:	:
registered.....	4,478	4,708	4,652	4,972
Packers under supervision.....	1,332	1,340	1,871	2,123
Poultry dealers licensed.....	1,538	1,549	1,619	1,603
	:	:	:	:

^{1/} approximately 400 additional yards meet the act's requirements for posting.

2. During 1948 a significant factor affecting this program has been a demand by stockyard operators for the posting of additional yards.

C. Supervision and Enforcement:

1. Some changes in field office locations were made to provide more efficient supervision of posted stockyards during 1948. Supervisory personnel are now being maintained full time at 20 principal livestock markets as compared with 17 in 1947. The other 187 smaller yards are inspected periodically.
2. Computation of the amounts of the bonds to be submitted by the approximately 5,000 registrants and much of the work incident to the regulation of packers has been delegated to the field offices. This will result in more expeditious service to the registrants.

3. Activities in connection with packer operations during the year were concentrated on their buying operations with the primary aim of breaking up illegal formal or informal business relationships between packer-buyers and commission firm employees or others handling sales for shippers. Such relationships, result in lower returns to the producers than when free competition prevails.

4. In several instances proposed increases in rates for services at posted yards were prevented where such increases were not justified by higher costs of rendering the services. Examples are modifications of rates agreed upon with:

a. The Omahah Livestock Exchange, which saved producers and other shippers approximately \$275,000 on an annual basis;

b. The Chicago Livestock and Chicago Traders Exchange, which resulted in approximate annual savings of \$200,000;

c. The St. Paul Livestock Exchange, with approximate annual savings of \$114,000.

5. Formal proceedings taken during the last four years are reflected in the following table:

	1945	1946	1947	1948:
Cases pending first of year:	57	46	23	59
New cases.....:	71	24	64	16
Cases reopened.....:	13	20	38	16
Total.....:	141	90	125	91
Cases disposed of.....:	95	67	66	36
Cases pending end of year..:	46	23	59	55

6. Informal settlements were again used as the method of correcting a great many of the minor infractions of the Act and regulations.

7. A total of 156 audits were made of market agencies' and dealers' records during the year. As a direct result of these audits over a quarter million dollars were restored to producers and other shippers. The greater part of this amount was represented by shortages found in the proceeds of sales.

Insecticide, Fungicide, and Rodenticide Act:

A. Purpose:

To prevent the adulteration, mislabeling, and inadequate labeling of insecticides, herbicides, fungicides, and rodenticides, in order to safeguard farmers and other users from injury to crops, livestock, or themselves, and from loss through the use of ineffective products. (All of the provisions of this Act became effective by June 25, 1948. The new Act, which now replaces the Insecticide Act of 1910, has necessitated major shifts in certain phases of the activity.)

B. Registration:

1. Under the new Act all economic poisons sold in interstate commerce must be registered by the Department. Before registering a poison, the Department determines that the labeling and accompanying brochures and folders accurately state the poison's properties and give adequate instructions for its use. If the poison is highly toxic to man, the label must contain proper warning and antidotal directions.

2. Registration work was started October 2, 1947. These activities from that date through June 30, 1948 are summarized in the following table:

Total submissions received*	20,832
Number of products involved	16,356
Registrations:	
Original registrations	9,020
Supplemental	1,572
Total	10,592
Letters of criticism written	9,687
Pending at end of year	3,025

*Includes original submissions, submissions of corrected labeling and supplemental submissions in instances where the originally registered products were in some manner changed after registration.

C. Enforcement:

1. Enforcement activities during 1948 as compared with three previous years are summarized in the following table:

	1945	1946	1947	1948
Products on the market	*	*	*	*
(Estimated).....	15,000	16,500	18,000	25,000
Samples collected:				
New to Department				
records.....	509	544	977	448
Old products.....	1,428	1,362	1,378	528
Total.....	1,937	1,906	2,355	976
Violations.....	430	417	635	199
Actions taken on				
violations:				
Warnings.....	60	120	229	24
Citations.....	363	284	357	156
Seizures.....	16	13	49	18
Prosecutions.....	27	26	19	11

* Herbicides and rodenticides are not included since they were not subject to the Act in effect during these years.

2. Compliance with the Act can best be determined by collection of samples of economic poisons in interstate commerce and analysis to detect violations. In 1948 this activity was greatly curtailed in order to carry out the registration requirements of the new Act. Of the samples collected and analyzed during 1948, 20 percent were in violation of the provisions of the Act. In 1949 a reduced volume of registration work (which will be limited to new products coming on the market and changes in old ones) will be required thus freeing personnel for a much needed increase in enforcement activities.
3. Importations of economic poisons are carefully checked for conformity with the Act. During 1948, 57 import shipments were checked. Of these, 41 were satisfactory, 6 were released with a warning that labeling of future shipments must be revised, 8 were detained until re-labeled, and 2 were refused entry into the United States.

D. Label review: The work of reviewing labels, voluntarily submitted by manufacturers, was discontinued early in the fiscal year since this activity is now an integral part of registration required by the new Act.

E. Investigational work and developing testing methods:

1. During 1948 all but the most urgent work of this type was deferred in order to make additional personnel available for registration work.
2. Much of the urgent work of developing testing methods was directly connected with registration work in that it was aimed at determining the adequacy of label directions especially for the use of herbicides and rodenticides--the two classes of economic poisons not covered by the Insecticide Act of 1910. A new greenhouse, to facilitate testing of herbicides, and a pharmacological laboratory and animal room, to facilitate testing of rodenticides, were almost ready for use by the end of the fiscal year.
3. Investigation of the properties and development of methods for testing economic poisons in all classifications is definitely needed to properly enforce the Act. Increased emphasis will be placed on this work in 1949 inasmuch as a reduction in registration work is anticipated.

Federal Seed Act

A. Purpose: To protect farmers and other users of seed by requiring complete and accurate labeling of all agricultural and vegetable seeds shipped in interstate commerce and by preventing importation of inferior or mislabeled seed.

B. Import Actions:

1. The upward trend in workload in connection with seed importations noted since the war again continued in the first four months of 1949 after an apparent temporary leveling off in 1948.
2. This activity for the last four years is summarized in the following table:

	1945	1946	1947	1948
Total import actions (includes actions taken on lots rejected once and acted on again after cleaning, etc.).....	3,632	3,736	5,791	5,774
Lots offered for importation	3,258	3,448	5,399	5,481
Lots permitted entry.....	3,194	3,327	5,168	5,343
Lots denied entry.....	64	121	231	138
Kinds of seed imported.....	69	83	101	114
Pounds of seed offered for importation.....	75,204,957	70,485,426	69,126,084	66,697,453
Pounds of seed permitted entry.....	73,884,607	67,291,606	66,685,195	66,215,062

C. Interstate Violations: The number of cases pending investigation has continued to rise. Interstate investigations and actions for the last three years are summarized in the following table:

	1946	1947	1948
Cases for investigation:			
Pending at first of year.....	263	162	431
New cases during year.....	522	1,037	1,051
Total to be investigated.....	785	1,199	1,482
Investigations completed.....	623	768	864
Pending at end of year.....	162	431	618
Administrative actions:			
No action warranted.....	96	160	236
Warnings issued.....	381	539	566
Cited for hearings.....	79	94	76
Seizures recommended.....	9	4	13
Criminal actions recommended *.....	44(11)	61(24)	34(14)
Court actions:			
Criminal actions terminated.....	9	16	19
Criminal actions pending at end of year.....	12	16	11
Seizure actions terminated.....	3	6	6
Seizure actions pending at end of year.....	5	3	9

*Often several alleged violations are combined into one court action. The number of court actions involved is shown in parentheses.

- D. Seed Testing: This activity was curtailed during 1948 to permit more of the available facilities to be spent in investigating complaints of interstate violations. The seed testing work done during the past four years is reflected in the following table:

	1945	1946	1947	1948
Seed samples tested in connection with:				
Imports.....	4,451	3,614	5,475	5,615
Interstate shipments.....	3,650	5,057	8,603	4,353
Check tests.....	155	74	115	28
Variety tests.....	1,346	2,127	2,121	1,868
Research work.....	1,646	695	1,546	874
Miscellaneous activities.....	1,627	1,130	1,021	1,109
Total tests.....	12,875	12,697	18,881	13,847

United States Grain Standards Act:

- A. Purpose: To assure farmers and other handlers a fair evaluation of the quality of their grain to the end that they may market it to the best advantage.
- B. Coverage: During 1948 original inspection of grain was available under the Act at 138 established inspection points and 83 additional designated points. There were 447 inspectors licensed under the Act. Appeal services were available at 35 district offices and 8 suboffices. This compares with 139 established inspection points and 88 additional designated points, 438 licensed inspectors, 39 district offices, and 8 suboffices in 1947.
- C. Inspection and Appeals:
1. For the third consecutive year inspectors licensed and supervised under the Act performed over 2 million inspections of grain.
 2. Although the volume of inspections was slightly less than during 1947, appeals increased from 46,640 during 1947 to 56,687 during 1948. A study of grading errors showed incompetence among licensees become a less frequent cause of misgrading and that an increasing number of such errors are due to their worn and inadequate equipment.
 3. The inspection and appeal activities under the Act for the last four years is shown in the following table:

	1945	1946	1947	1948
				(Preliminary)
Total number of inspections.	1,945,638	2,063,823	2,117,641	2,100,479
Inspections directly supervised by federal supervisors.....	173,669	162,733	186,947	182,727
	(8.9)	(7.9%)	(8.8%)	(8.7%)
Appeals to District Offices.	59,024	53,128	46,640	56,687
Original grade sustained(%)	62	55	57	59
Original grade changed (%)	38	45	43	41
Appeals carried to appeal boards.....	638	425	462	631
Supervisors grade sustained (%)	81	79	79	82
Supervisors grade changed (%)	19	21	21	18
Quantity of grain produced (1,000 Bu.)	5,863,036	6,303,540	6,514,838	6,603,734
Quantity of grain inspected (1,000 Bu.)	3,647,143	4,133,866	4,097,624	4,050,195

Naval Stores Act:

A. Purpose: To prevent the sale of adulterated, misbranded or misgraded turpentine and rosin, and fraudulent practices in the sale of these naval stores.

B. Inspection Service:

1. The volume of inspection increased greatly during 1948-- 58% of the total production of gum rosin and 28.9% of the gum turpentine was inspected during the year as compared with 23.4% and 4.5%, respectively, during 1947. This increase was due to:

a. The new plan of inspection service for the naval stores industry which was introduced in the 1947 fiscal year and was in operation during all of 1948. Under this plan the Department licenses experienced employees of central processing plants to perform official inspection work under the direction of a federal supervisor.

b. A continuing trend toward more centralization of the industry.

2. The following table summarizes the volume of naval stores inspected during the last four years:

	1945	1946	1947	1948
Drums of rosin (520 lbs.)	164,994	114,214	167,825	438,320
Bags of rosin (100 lbs.)	-	-	25,894	170,538
Tank cars of rosin	-	-	33	87
Drums of turpentine (55 gals.)	9,300	2,247	747	2,952
Tank cars of turpentine	-	-	65	174
Gallons of turpentine in miscellaneous small containers	-	-	52,935	2,696,633

C. Enforcement Activities:

1. The percentage of samples of naval stores, collected in commercial channels during 1948, that were in violation of the Act was smaller than any other year of record. The expansion and the greater coverage of the inspection work is probably partially responsible for this.
2. Following is a summary of samples collected and violations detected during the past four years:

	1945	1946	1947	1948
Samples collected and analyzed	174	213	261	181
Violations detected	19	30	60	15

D. Supplementary Activities: The Department collaborated with the American Society for Testing Materials in the development of:

1. Better methods of quantitatively determining the residual volatile oils in rosin,
2. Improved methods of testing dipentene, pine oil, pine tars, acidity in turpentine, non-volatile residue in turpentine, acid number of dark rosin and unsaponifiable matter in rosin, and
3. Better definitions for certain naval stores and related products.

- E. Revenue: During 1948 \$6,881 was collected for deposit to Miscellaneous Receipts. In addition \$9,423 was collected for deposit to two trust fund accounts for inspection of turpentine packed in small commercial containers. This work is carried on under cooperative agreements with two of the leading southern distributors.

United States Warehouse Act:

- A. Purpose: To assure farmers and other depositors safe storage for their products at reasonable rates and to protect the integrity of warehouse receipts as a universally accepted source of credit at low interest rates.
- B. Licensed Warehouses: On June 30, 1948 there were 1,349 warehouses licensed under the Act. Over 92% of these were warehouses primarily for storing grain (813) and cotton (437). The remainder (99) stored the following commodities: wool, tobacco, nuts, broomcorn, beans, sirup, cold-pack fruit, canned foods, seed, and cherries in brine.

C. Trend Toward More Licensed Warehouse Space for Grain:

1. The trend of the last few years has been for licensed grain warehouse capacity to expand. During the same period there has been a slight contraction in licensed cotton warehousing capacity. This has been a natural result of expanded total warehousing of grain and the opposite situation regarding cotton. There are no indications that the demands for grain warehousing will be reduced during the next few years; however, there are strong indications that stocks of cotton, and thus demands for cotton warehousing, will increase during the fiscal years 1949 and 1950. Fluctuations in licensed warehouse capacities for products other than grain and cotton were negligible in relation to the total workload under the Act.

2. The trend in licensed warehousing capacities for grain and cotton during the past four years is shown in the following table:

	: 6-30-45	: 6-30-46	: 6-30-47	: 6-30-48	:
Grain (bushels)	:	:	:	:	:
Grain(bushels):	258,128,154	271,202,154	280,358,601	301,448,159	:
Cotton (bales):	10,590,086	10,573,753	10,393,813	10,158,201	:
	:	:	:	:	:

D. Inspection of Licensed Warehouses: The work of periodically making complete examinations of licensed warehouses accounts for approximately 85% of the personnel time spent on activities under this Act. The breakdown of the examinations made during 1948 is as follows: 2,393 grain warehouse examinations, 1,508 cotton warehouse examinations, and 225 examinations of warehouses storing other commodities. The minimum standard of four inspections per year considered necessary to insure compliance with the Act has not been met because of a continuing lack of sufficient properly trained manpower. The number of inspections and licensed warehouses by years for the last four years was as follows:

	1945	1946	1947	1948
Number of licensed warehouses:	1,330	1,338	1,307	1,349
Number of examinations made..:	4,590	4,400	3,900	4,126
Average per warehouse.....:	3.45	3.28	3.00	3.06

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS
(Amounts Shown Include Pay Act Costs)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>Research and Marketing Act of 1946:</u>			
<u>Department of Agriculture, (Allot-</u>			
<u>ment to Production and Marketing</u>			
<u>Administration):</u>			
(Title I, sec. 10a): Utiliza-			
tion research	25,000:	30,000:	- -
(Title I, sec. 10b): Research			
other than utilization research:	44,375:	60,000:	
(Title II): Marketing research:			
and service	1,042,893:	2,502,700:	
Total, Research and Marketing:			
Act of 1946:	1,112,268:	a/ 2,592,700: b/	- -
<u>Special Research Fund, Department</u>			
<u>of Agriculture (Allotment to</u>			
<u>Production and Marketing Admin-</u>			
<u>istration): Special researches</u>			
in marketing farm products	16,991:	15,300:	- -
<u>Working Funds, Agriculture (Pro-</u>			
<u>duction and Marketing Adminis-</u>			
<u>tration) Advances from:</u>			
<u>Department of the Army:</u>			
Inspection of processed			
fruits and vegetables	310,661:	357,500:	- -
Inspection of miscellaneous			
grain and cereal products	113,797:	163,351:	- -
Indexing and preparation of			
aerial photographs for			
mosaics and charting			
purposes	54,947:	99,308:	- -
Preparation of photographic			
reproduction for central			
film library	19:	- -	- -
Total Department of Army	479,424:	620,159:	- -
<u>Bureau of the Census: Work in</u>			
<u>connection with planning and</u>			
<u>developing a method of procuring</u>			
<u>sample agricultural data in con-</u>			
<u>nection with program of recon-</u>			
<u>version statistics</u>	54:	- -	- -

a/ Based on allotments as of January 15, 1949.

b/ Allotments under this appropriation for the fiscal year 1950 have not been determined.

(Continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>Working Funds: Agriculture (Pro-</u>			
<u>duction and Marketing Adminis-</u>			
<u>tration) Advances from:</u>			
<u>Bureau of the Census:(Continued):</u>			
Preparation of copies of aerial:			
photographs and other services:			
in connection with the sample :			
census of population	10,646:	6,856:	- -
Total, Bureau of the Census ..	10,700:	6,856:	
Total, Working Funds	490,124:	627,015:	- -
<u>Emergency Supplies for Territories:</u>			
<u>and Possessions, Department of</u>			
<u>Agriculture (Production and</u>			
<u>Marketing Administration):</u>			
For payments of transportation :			
claims	2,263:	495:	- -
<u>Quartermaster Service, Army(Trans-</u>			
<u>fer to Agriculture), (Production</u>			
<u>and Marketing Administration):</u>			
Transfer from War Department for:			
inspection of hay and super-			
vision of Army hay inspectors..	7,125:	- -	- -
<u>Supply and Distribution of Farm</u>			
<u>Labor, Department of Agriculture</u>			
<u>(Production and Marketing</u>			
<u>Administration);</u>			
Administrative and Program ex-			
penses in connection with the			
operation and liquidation of			
the farm labor program	\$2,377,968:	\$200,500:	- -
<u>TRUST FUNDS:</u>			
<u>Expenses and Refunds, Inspection</u>			
<u>and Grading of Farm Products:</u>			
Inspection and grading of farm			
products under cooperative			
agreements	5,131,597:	5,205,438:	4,600,000
<u>Grading of Agricultural Com-</u>			
<u>modities for Commodity Credit</u>			
<u>Corporation, Production and</u>			
<u>Marketing Administration:</u>			
Classification of cotton	246,291:	645,600:	649,123
Grading of wool	633,122:	626,355:	530,310
Total	879,413:	1,271,955:	1,179,433

(Continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
TRUST FUNDS: Continued			
<u>Indemnity Funds, County Associa-</u>			
<u>tions; Assessments derived from:</u>			
<u>each county agricultural conser-</u>			
<u>vation association to insure re-</u>			
<u>imbursement to affected persons</u>			
<u>or agencies for losses of money</u>			
<u>or property by negligence or</u>			
<u>malfeasance by any employee of</u>			
<u>the association</u>	62,573:	188,500:	500:
<u>Moisture Content and Grade De-</u>			
<u>terminations for Commodity</u>			
<u>Credit Corporation: Testing and:</u>			
<u>sampling of commodities to de-</u>			
<u>termine loan eligibility under</u>			
<u>commodity loan programs</u>	1,530,000:	5,000,000:	5,015,846
<u>Undistributed Cotton Price</u>			
<u>Adjustment Payments: Deposits</u>			
<u>by trustees until proper dis-</u>			
<u>tribution could be made to the</u>			
<u>persons entitled to share in a</u>			
<u>farm's payment under the 1935</u>			
<u>cotton prices adjustment</u>			
<u>program</u>	161:	200:	200
<u>Miscellaneous Contributed Funds,</u>			
<u>Department of Agriculture</u>			
<u>(Production and Marketing</u>			
<u>Administration): For miscel-</u>			
<u>aneous contributed funds re-</u>			
<u>ceived from States, local organ-</u>			
<u>izations, individuals, etc.,</u>			
<u>deposited in the Treasury of</u>			
<u>the United States and made</u>			
<u>available for work under co-</u>			
<u>operative agreements</u>	5,131:	2,000:	2,000
<u>Return of Excess Deposits for</u>			
<u>Reproduction of Photographs,</u>			
<u>Mosaics, and Maps: For refund</u>			
<u>of moneys received for fur-</u>			
<u>nishing reproductions of aerial</u>			
<u>and other photographs, mosaics,</u>			
<u>and maps in excess of the cost</u>			
<u>of making such reproductions</u>	249:	- -	- -

(Continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
TRUST FUNDS: Continued			
Unclaimed Moneys of Individuals Whose Whereabouts are Known, Agriculture, (Production and Marketing Administration); For refunds of small excess payments: (items of less than one dollar):	- -	744:	- -
Total, Trust Funds	7,609,124:	11,668,837:	10,797,979
International Information and Edu- cational Activities (Transfer to Agriculture) Production and Mar- keting Administration: Partici- pation in the program of coopera- tion with the American Republics:			a/ 4,000
Penalty Mail Costs, Department of Agriculture (Allotment to Production and Marketing Adminis- tration): For cost of penalty mail pursuant to Section 2, Public Law 364, 78th Congress....	1,374,610:	- -	- -
Assistance to Greece and Turkey, Executive Office of the President: (Allotment to Production and Mar- keting Administration): Adminis- trative expenses	189,199:	- -	- -
Purchasing, handling, storing and transporting agricultural com- modities as required for the American Mission to Greece by Department of State	30,800,379:	- -	- -
Total	30,989,578:	- -	- -
Foreign Assistance Act of 1948, Economic Cooperation Administra- tion (Allotment to Production and Marketing Administration):			
Administrative expenses	394,444:	2,720,200:	1,630,960
Purchasing, handling, storing and transporting agricultural commodities for Trieste, China and other claimants as required by E.C.A.	137,739,272:	573,615,195:	267,239,040
Total	138,133,716:	576,335,395:	268,870,000

a/ This amount is included in detailed schedules in the State Department Chapter of the Budget.

(Continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>Foreign Aid Act of 1947, Executive</u>			
<u>Office of The President (Allot-</u>			
<u>ment to Production and Marketing</u>			
<u>Administration):</u>			
Administrative expenses	1,122,099:	- -	- -
Purchasing, handling, storing			
and transporting agricultural			
commodities for China, Austria,			
France and Italy	255,253,297:	- -	- -
Total	256,375,396:	- -	- -
<u>Liquidation Expenses, United</u>			
<u>Nations Relief and Rehabilitation:</u>			
<u>Administration (Allotment to Pro-</u>			
<u>duction and Marketing Administra-</u>			
<u>tion): Administrative expenses</u>	638,714:	- -	- -
<u>Relief Assistance to Countries</u>			
<u>Devastated By War, Executive</u>			
<u>Office of The President, (Allot-</u>			
<u>ment to Production and Marketing</u>			
<u>Administration):</u>			
Administrative expenses	1,016,644:	- -	- -
Purchasing, handling, storing			
and transporting commodities to			
peoples of countries devastated			
by war	205,118,228:	- -	- -
Total	206,134,872:	- -	- -
<u>Defense Aid, Special Fund (Allot-</u>			
<u>ment to Agriculture) (Production</u>			
<u>and Marketing Administration)</u>			
For liquidation expenses in			
connection with commodities			
delivered under lend-lease			
programs	248,681:	- -	- -
<u>Salaries and Expenses, War Assets</u>			
<u>Administration (Allotment to</u>			
<u>Production and Marketing Adminis-</u>			
<u>tration)(Food Disposal)</u>			
For expenses of disposal of			
surplus agricultural commodi-			
ties and foods	100,417:	- -	- -
<u>Supply Programs in Liquidation:</u>			
For liquidation expenses of sup-			
ply programs under Foreign Aid			
Act of 1947 and Foreign Assist-			
ance Act of 1948	- -	405,083:	708,000
TOTAL, OBLIGATIONS UNDER			
SUPPLEMENTAL FUNDS	645,611,847:	591,845,325:	280,379,979

PASSENGER MOTOR VEHICLES

The 1950 estimates provide for the replacement of 96 passenger motor vehicles, representing 24 percent of the total cars available to the Production and Marketing Administration.

Most of the vehicles replaced, which will have been operated more than 60,000 miles at the time of trade-in, will include: 59 cars for the Marketing Service activities, of which one is in the District of Columbia; 1 car for PMA use on official business in Washington; 6 cars for the Commodity Credit Corporation and related supply programs; and 30 vehicles for market inspection and related trust fund activities.

SECRET

When the enemy is in a position to attack, it is necessary to be prepared to meet them on their own terms. This is the only way to ensure the security of the country.

It is also necessary to be prepared to meet them on their own terms. This is the only way to ensure the security of the country. The enemy must be met on their own terms, and this is the only way to ensure the security of the country.

COMMODITY EXCHANGE AUTHORITY

Appropriation Act, 1949	\$530,000
Anticipated Pay Act Supplemental, 1949	35,000
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture"	8,200
Base for 1950	573,200
Budget Estimate, 1950	558,200
Decrease (due to partial absorption of pay act costs)	<u>-15,000</u>

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)	Decrease
1. Licensing	\$42,076:	\$43,800:	\$42,200:	\$-1,600
2. Supervision of trading	288,717:	328,300:	320,700:	-7,600
3. Audits	116,892:	111,500:	105,700:	-5,800
4. Compliance investiga- tions	86,825:	89,600:	89,600:	- -
5. Total pay act costs ...	<u>[- -]</u>	<u>[35,000]</u>	<u>[33,400]</u>	
Unobligated balance	1,714:	- -:	- -:	- -
Total available	<u>536,224:</u>	<u>573,200:</u>	<u>558,200:</u>	<u>-15,000 (1)</u>
Transfer in 1950 estimates from "Printing and bind- ing Department of Agri- culture	-6,224:	-8,200:	- -:	
Anticipated pay act supple- mental	- -:	-35,000:	- -:	
Total appropriation or estimate	<u>530,000:</u>	<u>530,000:</u>	<u>558,200:</u>	

DECREASE

(1) The decrease of \$15,000 under projects 1, 2, and 3 due to partial absorption of Pay Act costs will be met by the curtailment of review of exchange rules and regulations, reduction in the number of "calls" made to secure basic data on futures transactions, and limitation of the number of segregation audits.

STATUS OF PROGRAM

Current Activities: Enforcement of the Commodity Exchange Act is a continuing process involving:

I. Market designation and broker registration:

- a. designation of commodity exchanges as contract markets
- b. annual registration of futures commission merchants and floor brokers
- c. constant review of exchange rules and regulations

II. Supervision of futures trading:

- a. compilation, audit, tabulation and review of trade reports and current market analyses
- b. establishment and enforcement of speculative limits
- c. review of market news and letters
- d. maintenance of a quotation and ticker service
- e. analysis of cash commodity transactions
- f. cooperative activities with control committees of contract markets
- g. observance of floor trading
- h. compilation and publication of market information

III. Prevention of misuse of customers' funds:

- a. audit and examination of books of futures commission merchants
- b. analysis of brokers' financial statements

IV. Investigation and control of trade practices:

- a. investigation of complaints and alleged and apparent violations
- b. special trade practice audits and surveys
- c. investigation of delivery practices
- d. preparation and presentation of evidence of violations in hearings

Examples of Progress during 1948 fiscal year:

I. Supervision over:

18 commodity exchanges operating as "contract markets"
\$49,452,000,000 estimated value of futures trading
8,864,000 futures transactions

II. Registration of:

659 futures commission merchants
734 floor brokers
\$16,628 received for registrations and duplicate certificates

III. Corrective measures taken:

Tax avoidance prevented through revelation of "wash" trades
475,000 reports showing trades, positions, and deliveries analyzed
Average of 568 "special account" positions analyzed daily

IV. Audits:

621 segregation audits involving 26,165 customers' accounts with value of \$139,234,000 audited
650 financial statements analyzed :

V. Investigations:

7 trading and position market surveys completed

VI. Publications:

35,000 names of traders published under P.L. 392, Dec. 19, 1947
Daily, weekly, monthly and annual periodic reports issued
Special report issued on Delivery Notices on Cotton Exchanges

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS

Item	Obligations,	Estimated	Estimated
	1948	obligations,	obligations,
		1949	1950
Penalty Mail Costs, Department	:	:	:
of Agriculture (Allotment to	:	:	:
Commodity Exchange Authority):	:	:	:
For cost of penalty mail	:	:	:
pursuant to Section 2, Public	:	:	:
Law 364, 78th Congress	\$2,500	- -	- -

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FARMERS' HOME ADMINISTRATION

Summary of Appropriations, 1949 and Estimates, 1950

Item	Total estimated: available, 1949 a/	Budget... estimates, 1950	Increase (+) or decrease (-)
Farm tenant loans	\$15,000,000	\$15,000,000	- -
Production and subsistence loans	75,000,000	75,000,000	- -
Water facilities loans	1,510,000	1,750,000	+\$240,000
Salaries and expenses	23,684,000	23,292,000	- 392,000
Total available	115,194,000	115,042,000	- 152,000
Transfer from "Farm tenant- mortgage insurance fund, Farmers' Home Administration, Department of Agriculture" ..	12,000	40,000	÷ 28,000
Total appropriation or estimate:	115,182,000	115,002,000	- 180,000

a/ Amounts include anticipated Pay Act supplemental and are adjusted for comparability with the appropriation structure proposed in the 1950 Estimates.

(a) Farmers' Home Administration

Appropriation Act, 1949	\$112,000,000
Anticipated Pay Act Supplemental, 1949	1,430,000
Transferred from "Farm tenant-mortgage insurance fund, Farmers' Home Administration, Department of Agriculture"	12,000
Transfer in 1950 Estimates from:	
"Development of water facilities, arid and semiarid areas, Department of Agriculture"	1,750,000
"Printing and binding, Department of Agriculture"	2,000
Base for 1950	115,194,000
Budget Estimate, 1950:	
Direct appropriation	\$115,002,000
Transfer from "Farm tenant-mortgage insurance fund, Farmers' Home Admin- istration, Department of Agriculture" ..	40,000
Decrease, 1950	<u><u>- \$152,000</u></u>

SUMMARY OF INCREASES AND DECREASES, 1950

For additional water facilities loans to qualified individuals and groups	÷ \$240,000
For making and servicing additional water facilities loans	÷ 20,000
For making and servicing insured mortgage loans (by transfer of receipts from "Farm tenant-mortgage insurance fund"; not an increase in appropriation)	÷ 28,000
Decrease due to partial absorption of pay act costs	- 440,000

PROJECT STATEMENT

(Amounts Shown Include Pay Act Costs)

Project	1948	1949 :(estimated):	1950 :(estimated):	Increase or decrease
<u>Loans:</u>				
1. Farm tenant loans	\$14,480,188	\$15,000,000	\$15,000,000	\$
2. Production and subsistence loans	59,996,090	75,000,000	75,000,000	
3. Water facilities loans	1,505,477	1,510,000	1,750,000	÷ 240,000 (1)
Total loans	75,981,755	91,510,000	91,750,000	÷ 240,000
<u>Salaries and expenses:</u>				
4. (a) Making loans and insuring mortgages (includes initial servicing in fiscal year in which loan is made)	4,500,294	5,520,886	5,540,886	÷ 20,000 (2)
(b) Collecting and servicing outstanding loans and insured mortgages ..	16,578,940	18,163,114	17,751,114	- 412,000 (3)
Total Salaries and expenses	21,079,234	23,684,000	23,292,000	- 392,000
Total pay act costs	7 - -	1,762,097	1,749,935	
Unobligated balance	670,937	- -	- -	
Total available ..	97,731,926	115,194,000	115,042,000	- 152,000
Transferred from "Farm tenant-mortgage insurance fund, Farmers' Home Administration, Department of Agriculture" ..	- -	- 12,000	- 40,000	
Transferred to "Farm tenant-mortgage insurance fund, Farmers' Home Administration, Department of Agriculture"	1,000,000	- -	- -	

(Continued on next page)

Project	1948	1949 (estimated)	1950 (estimated)	Increase or decrease
Comparative transfer :				
from "Development :				
of water facilities,				
arid and semiarid :				
areas, Department :				
of Agriculture" ..	-1,729,717:	-1,750,000:	- -	
Comparative transfer :				
from "Printing and :				
binding, Department :				
of Agriculture" ..	-2,209:	-2,000:	- -	
Anticipated pay act :				
supplemental	- -	-1,430,000:	- -	
Total appropriation :				
or estimate	97,000,000:	112,000,000:	115,002,000:	

INCREASES AND DECREASES

The net decrease of \$152,000 in this item for 1950 consists of the following:

(1) Increase of \$240,000 for approximately 144 new individual water facilities loans and 2 new group loans to qualified applicants.

Need for Increase: Requests for water facilities loans have far surpassed funds available for such loans for several years. Costs of water facilities installations have also increased materially.

In 1946, loans were made to 996 new individual borrowers and 14 new groups from the approximately \$1,140,000 available for loans. In 1948, with \$1,510,000 available, only 776 loans to new individual borrowers and 16 loans to new groups could be made. Of the individuals applying for loans, 36 percent received assistance in 1946 compared with only 32 percent in 1948.

This downward trend in the number of applicants assisted is attributable primarily to larger loans resulting from higher costs. The average size of all new loans to individuals has increased from \$587 in 1945 to \$1,469 in 1948. Increased costs have necessitated supplemental loans to numerous old borrowers to complete facilities started with loans made in previous years.

If costs of materials and labor in 1950 remain at present levels, the \$1,750,000 for water facilities loans will permit the making, in 1950, of approximately 920 new loans to individuals, 19 new loans to groups, and 90 supplemental loans to present borrowers.

(2) Increase of \$20,000 under Project 4(a) for making and servicing additional water facilities loans.

Additional personnel will be required to make and service the increased water facilities loans estimated for 1950. Many of the 144 individual and 2 group loans will involve irrigation works requiring engineering assistance in planning and installing the facilities. While county office personnel will be helpful in planning with borrowers the smaller type farmstead and irrigation facilities, it is essential that technical personnel be available for the more difficult installations. It is estimated there will be a backlog of 650 facilities on July 1, 1949, to be constructed with loans made in 1949 and prior fiscal years. The added personnel would be utilized in reducing this backlog in addition to investigating and planning facilities for new applicants.

(3) A net decrease of \$412,000 under Project 4(b) consisting of the following:

(a) An increase of \$28,000 by transfer of receipts from the "Farm Tenant-mortgage Insurance Fund" to provide a portion of the cost of servicing insured mortgage loans outstanding in 1950. It is estimated that about 1,600 farm tenant mortgages will be outstanding and require servicing during the fiscal year 1950. The Farmers' Home Administration Act provides that the government is responsible for the collection and servicing of insured mortgages and the remittance of collections to the mortgagees. Provision is made for fees for inspection and appraisal, and for an initial charge and a charge each year thereafter of one-half of one percent, to be used for administrative expenses relating to mortgage insurance. It is estimated that such collections in 1949 will provide \$40,000 to be used for these expenses in 1950. This is an increase of \$28,000 over the amount available in 1949.

(b) A decrease of \$440,000 due to partial absorption of Pay Act costs which will be met by additional economy of operations at all levels, the elimination of a number of the special collection employees engaged in servicing old loan accounts transferred to the Farmers' Home Administration, and the consolidation of about 60 county offices with offices in adjoining counties.

CHANGES IN LANGUAGE

The estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed in brackets):

- For expenses necessary, including personal services in the District of Columbia, to carry into effect the provisions of titles I, II, and the related provisions of title IV of the Bankhead-Jones Farm Tenant Act [(7 U.S.C. 1000-1029)], as
- 1 amended (7 U.S.C. 1000-1032), the Farmers' Home Administration Act of 1946 (Public Law 731), approved August 14, 1946, and Public Law 563, approved July 30, 1946 7 U.S.C. 1001, note;
 - 2 31 U.S.C. 82h; 12 U.S.C. 371; 35 U.S.C. 535; 60 Stat. 1079, 1080; the Act of July 30, 1946 (40 U.S.C. 436-439), and the Act of August 28, 1937, as amended (16 U.S.C. 590r-590x, 590z-5),
 - 3 for the development of facilities for water storage and utiliza-

tion in the arid and semiarid areas of the United States, as follows:

- 4 Loans: Title I and section 43 of title IV (including payments in lieu of taxes and taxes under section 50), \$15,000,000;
- 5 title II, \$75,000,000; Act of August 28, 1937, \$1,750,000.
- 6 Salaries and expenses: For the making [and], servicing and collecting of [new] loans, insuring mortgages, the servicing and collecting of loans made under prior authority, and the liquidation of assets transferred to Farmers' Home Administration pursuant to the Farmers' Home Administration Act of 1946, [\$22,000,000] \$23,252,000, together with a transfer to this appropriation item
- 7 of not to exceed [\$120,000] \$40,000 of the fees and administrative expense charges made available by subsections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act, as amended.

The first and second changes are for the sole purpose of substituting the U. S. code references for public law numbers.

The third and fifth changes are for the purpose of including reference to the water facilities program authorized by the Act of August 28, 1937, which it is proposed be carried as a part of this appropriation item in 1950.

The fourth change merely identifies section 43 as being a part of "Title IV" of the Bankhead-Jones Farm Tenant Act, as amended.

The sixth change proposes the inclusion of the word "collecting" and the deleting of the word "new" in connection with activities currently authorized. The purpose of this change is to provide authority for servicing and collecting outstanding loans involved in water facilities activities proposed to be appropriated for under this item.

The seventh change reduces from \$120,000 to \$40,000 the amount authorized to be transferred to this appropriation of fees and administrative expense charges made available by subsections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act, as amended. This reduction is in line with the anticipated collections in 1949 available for administrative expenses in 1950.

STATUS OF PROGRAM

Direct and Insured Farm Ownership Loans - Title I

Title I of the Bankhead-Jones Farm Tenant Act, as amended, authorizes direct and insured Farm Ownership loans for the purchase and improvement of family-type farms and for the enlargement and improvement of farms to make them efficient family-type units. This program is designed to assist farm tenants, sharecroppers, and farm laborers in attaining farm ownership and to assist owners of inadequate farms in making needed enlargements and developments. Census data for 1945 show that 31.7 percent or over 1,800,000 of the farms in the nation are operated by tenants, and of the 4,000,000 owner-operated farms, more than 1,000,000 are in need of enlargement or further development before they can become efficient family-type units. As the advantages of family-type farm ownership are demonstrated by those families who have received Farm Ownership loans, increasing numbers of tenants and owners of inadequate units unable to secure adequate credit elsewhere are turning to the Farm Ownership program for assistance in achieving ownership of efficient family-type farms.

1. Source of Funds: Direct loans are made from appropriated funds in amounts up to 100 percent of the value of the farm and necessary repairs and improvements. Loans made by private lenders up to 90% of the value of the farm and necessary repairs and improvements may be fully insured by the Government.
2. Distribution of Funds: Direct loan funds and authorizations to insure mortgages are distributed among the states and territories on the basis of farm population and the prevalence of tenancy. Adjustments among states may be made to meet the applications of veterans.
3. Supervision and Technical Services: Borrowers are given assistance as needed by local County Supervisors and by engineers in making the improvements and adjustments necessary to the efficient operation of their farms and homes.
4. Eligibility: Farm tenants, farm laborers, sharecroppers and owners who are unable to obtain needed credit from private and cooperative credit sources are eligible. Preference is given to applications from veterans with special provisions for loans to disabled veterans.
5. Types of Loans: There are three types of Farm Ownership loans:
(a) Tenant Purchase loans to buy and develop family-type farms;
(b) Farm Enlargement loans to buy additional land and develop undersized units into efficient family-type farms; (c) Farm Development loans to develop underimproved units into efficient family-type farms. Farm Enlargement and Farm Development loans are receiving increasing attention. Loans also are made to disabled veterans to purchase, enlarge, or develop units which may be less than efficient family-type farms.

6. Terms of Loans: Loans are amortized over a 40 year period. Borrowers are encouraged under a variable payment plan to pay more than an annual installment in years of good income in order to build a reserve which can be used in years of low income. On loans made since June 19, 1948, direct loan borrowers pay four percent interest and insured loan borrowers pay three percent interest plus a one percent annual mortgage insurance charge. Borrowers are required to re-finance their loans with responsible private or cooperative credit sources whenever they are able to obtain such refinancing at reasonable rates and terms.
7. Limitations on Loans: Loans may not be made for the purchase, enlargement, or improvement of farms which have a value, as acquired, enlarged, or improved, in excess of the average value of efficient family-type farm-management units in the county where the loan is made. In addition, there is an administrative limit of \$12,000 which applies to the total investment in any farm. (Investments in excess of this ceiling may be made only by prior approval by the Administrator.) In making each loan, a normal earning capacity appraisal based upon long time yields, prices, and production costs is made by a competent appraiser. As a further safeguard, the fair and reasonable value of each farm, based upon its normal earning capacity, after contemplated improvements are made, is determined by a local County Committee composed of three men, at least two of whom are farmers. No loan may be made in excess of the amount certified by the County Committee to be the fair and reasonable value of the farm.
8. Progress of Program:
 - A. Applications: Of the 90,485 active applications on hand in the 1948 fiscal year, 50,023 were from veterans and 40,462 from non-veterans. All applicants are considered first for insured loans before they are considered for direct loans. Historically, applications for loans have far exceeded the number of loans that could be made in any fiscal year. See Tables I and II for distribution by states.
 - B. Loans: Cumulative activities for direct and insured loans are outlined below:
 - (1) Direct Loans: Since inception of the program in 1938 more than 57,000 loans for about \$323,000,000 have been made. In the 1947 fiscal year with a \$50,000,000 loan appropriation, over 5,600 loans were made. In 1948 with \$15,000,000 appropriated, over 1,900 families received loans. Consistent with the veteran preference provision in the Farmers' Home Administration Act of 1946, 1,518 of these loans in the amount of \$11,106,731 were made to veterans. Approximately 2,000 loans will be made with the \$15,000,000 appropriated for the 1949 fiscal year with approximately the same high proportion going to veterans.

- (2) Insured Loans: The insured loan phase of the program was started in October, 1947. Activity was limited during the 1948 fiscal year partly because private lenders in many areas were reluctant to advance loans, the relatively long period of the loan, the lack of a secondary market, and the $2\frac{1}{2}$ percent interest rate. Public Law 720, approved June 19, 1948, increased the interest rate to 3 percent. It also gave lenders an assured market by authorizing the sale of non-delinquent mortgages to the Government for cash after the expiration of a period not less than five years from the date the loan was made. Administratively this period has been set at 7 years. With increased experience and the benefit of these amendments, there will be substantially more insured loans made in 1949. Experience indicates, however, that many applicants, both veteran and non-veteran, are unable to meet the 10 percent down payment requirement; hence, there is a continuing need for direct loan funds.

Direct and insured loan activity is shown in the following tables:

Initial Direct Loans

Fiscal Year	Veteran Loans		Percent Loans to Veterans (Number)	Total	
	Number	Amount		Number	Amount
1946	1,954	\$15,409,174	55	3,527	\$26,805,351
1947	3,111	24,177,898	55	5,640	42,676,714
1948	1,518	10,931,247	80	1,904	13,871,781
1949 Est.	1,640	11,825,000	82	2,000	14,570,000

See Tables I and II for distribution by states.

Insured Loans

Fiscal Year	Veteran Loans		Percent Loans to Veterans (Number)	Total	
	Number	Amount		Number	Amount
1948	60	\$ 374,467	17	352	\$ 2,490,910
1949 Est.	192	1,230,000	15	1,280	9,000,000

- C. Value of Farms: High prices of farm real estate still limit the number of farms that can be purchased or enlarged at earning capacity values in many areas, although it has been, and is, possible to find a sufficient number to exhaust available funds. In addition, adherence to normal earning capacity values and the rejection of over-priced farms have brought about substantial reductions in the asking price of many farms. Average size of initial loan, average acres per farm, and average loan per acre for the years 1940 and 1945 through 1948 are as follows:

<u>Fiscal Year</u>	<u>Average Size of Loan</u>	<u>Average Acres Per Farm</u>	<u>Average Loan Per Acre</u>
1940	\$5,864	139	\$43
1945	5,960	130	46
1946	7,600	162	47
1947	7,567	166	46
1948	7,286	151	49

See Table III for distribution by states.

D. Repayment Progress: Of the \$322,557,674 advanced to 57,682 families for the purchase, enlargement, and development of their farms since 1938, \$135,908,772 in principal had been collected by March 31, 1948. In addition, \$33,971,791 had been paid in interest. Scheduled installments due from 41,537 borrowers owing balances as of March 31, 1948, amounted to \$41,802,986. Actual principal and interest payments made on such installments were \$63,067,782, which was \$21,264,796, or 51 percent, more than required on a scheduled amortization basis. In addition, the accounts of these borrowers have been credited with \$11,205,848 in refunds and extra payments, which were not applied to scheduled installments. As of March 31, 1948, a total of 26,673 borrowers were ahead of schedule \$23,378,450, and 7,543 borrowers were behind schedule \$2,113,654. The remaining 7,321 borrowers were on schedule. See Table IV for distribution by states. By June 30, 1948, about 19 percent of the total families receiving loans had paid their accounts in full from agricultural income or by refinancing through private or cooperative credit sources. In addition, 4,655 families had paid their loans in full either by foreclosure or from non-agricultural income. The number of borrowers paying in full from agricultural income or by refinancing in the years 1945 - 1948 is shown below:

<u>Fiscal Year</u>	<u>Number Paying in Full</u>	
	<u>From Agricultural Income</u>	<u>By Refinancing</u>
1945	1,318	
1946	2,301	
1947	3,233	548(Total through 1947)
1948	3,104	240

E. Improved Financial Position of Borrowers: An indication of the increase in income and the improvement of net worth of borrowers receiving Farm Ownership loans is shown by the following figures reported for active borrowers:

	<u>Year before Receiving Loan</u>	<u>1946 Crop Year</u>	<u>Percent of Increase</u>
Cash family income	\$1,274	\$3,747	194
Net worth	1,819	6,010	230

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Farm Tenancy: Loan Applications and Number of Loans Made or Insured,
1947 and 1948 Fiscal Years and Cumulative From Inception of Program

States and territory	1947 fiscal year				1948 fiscal year							Direct loans made 1948 through 1943				
	Number of loan applications		Number direct loans made	Total for consideration	Number of loan applications		On hand beginning of year	Received during year	Total for consideration	On hand end of period	Number direct loans insured	Number		Average amount		
	On hand beginning of year	Received during year			On hand beginning of year	Received during year						11	12			
	1	2	3	4	5	6	7	8	9	10						
U. S. Total.....	51,011	62,540	113,551	5,640	53,535	36,950	90,485	34,956	1,904	352	52,681	\$5,965				
Alabama.....	3,353	4,591	7,944	244	4,001	2,596	6,597	2,677	98	23	3,613	4,600				
Arizona.....	84	106	190	12	52	166	218	52	29	0	78	7,483				
Arkansas.....	3,827	4,625	8,452	394	4,089	2,769	6,858	2,423	137	7	2,928	4,647				
California.....	470	439	929	40	429	277	706	364	20	1	350	9,511				
Colorado.....	713	934	1,547	45	621	388	1,009	314	13	4	306	9,513				
Connecticut.....	17	71	88	11	41	24	65	61	2	0	32	9,668				
Delaware.....	26	59	95	14	53	28	81	11	1	1	78	6,313				
Florida.....	753	1,506	2,261	108	1,279	535	1,814	539	23	2	460	5,098				
Georgia.....	2,874	5,466	8,443	447	4,715	3,320	7,797	2,817	105	22	4,181	7,931				
Iaho.....	954	520	1,464	59	637	330	957	383	34	0	339	7,931				
Illinois.....	554	546	1,100	50	341	358	699	225	13	10	842	9,187				
Indiana.....	866	748	1,614	88	880	573	1,153	540	24	9	752	8,564				
Iowa.....	298	353	651	30	270	869	1,139	787	26	11	1,004	8,769				
Kansas.....	974	1,107	2,081	134	1,082	982	2,064	949	71	34	950	8,681				
Kentucky.....	1,010	1,596	2,606	68	1,390	1,111	2,501	1,310	34	12	1,044	7,139				
Louisiana.....	1,559	2,000	3,559	97	1,907	860	2,767	892	32	1	1,605	5,638				
Maine.....	165	249	414	40	175	101	276	127	11	0	128	6,366				
Maryland.....	197	213	410	38	186	151	337	148	11	5	269	7,428				
Massachusetts.....	62	104	166	21	60	79	139	42	6	0	69	7,979				
Michigan.....	337	670	1,007	77	361	548	909	423	36	27	821	6,126				
Minnesota.....	660	1,029	1,689	208	482	842	1,224	470	82	33	1,930	5,277				
Mississippi.....	3,003	3,921	6,924	402	3,757	2,416	6,173	1,982	112	3	3,763	5,549				
Missouri.....	2,164	2,925	5,089	248	2,525	1,974	4,499	2,006	124	23	2,057	5,894				
Montana.....	937	652	1,589	37	660	276	936	219	13	0	344	7,284				
Nebraska.....	1,035	1,184	2,219	117	1,192	437	1,629	512	31	3	739	9,916				
Nevada.....	73	72	145	13	54	40	94	34	5	0	25	10,919				
New Hampshire.....	38	74	112	5	78	47	125	27	2	0	32	5,501				
New Jersey.....	61	222	283	56	138	181	319	106	15	7	182	8,819				
New Mexico.....	524	434	948	51	504	157	661	235	14	0	170	9,739				
New York.....	474	545	1,019	122	396	352	743	268	23	7	616	6,344				
North Carolina.....	2,233	3,010	5,243	189	2,792	2,123	4,915	1,946	90	17	2,964	4,582				
North Dakota.....	966	785	1,751	93	672	342	1,014	351	15	12	589	7,529				
Ohio.....	481	655	1,136	99	499	613	1,112	442	40	4	887	7,847				
Oklahoma.....	3,863	3,986	7,749	366	3,062	1,898	4,960	1,960	114	5	2,808	5,795				
Oregon.....	543	370	913	43	448	177	625	224	12	1	369	6,103				
Pennsylvania.....	736	908	1,644	121	802	528	1,330	437	27	6	797	6,149				
Rhode Island.....	5	9	14	1	5	5	10	7	2	0	5	8,014				
South Carolina.....	1,189	1,570	2,759	88	1,349	977	2,326	1,117	56	0	2,286	4,453				
South Dakota.....	569	652	1,221	74	522	318	840	257	18	7	574	7,902				
Tennessee.....	1,217	2,761	3,978	161	2,218	1,507	3,725	1,523	59	0	1,853	5,608				
Texas.....	7,123	6,440	13,563	627	5,416	2,977	8,393	3,365	117	11	4,545	7,669				
Utah.....	277	267	544	64	308	229	537	289	41	2	235	9,115				
Vermont.....	61	190	251	36	156	103	259	124	13	0	125	6,170				
Virginia.....	422	672	1,094	77	469	523	992	363	20	6	983	5,531				
Washington.....	315	524	839	28	476	437	913	479	18	0	290	7,311				
West Virginia.....	396	503	899	53	332	326	658	279	19	3	525	4,875				
Wisconsin.....	836	993	1,829	131	971	671	1,642	387	46	33	1,575	4,716				
Wyoming.....	193	180	373	25	179	99	278	77	13	0	151	7,477				
Alaska.....	1	10	11	1	5	7	12	4	3	0	5	9,272				
Hawaii.....	6	22	28	3	16	75	91	34	26	0	228	6,165				
Puerto Rico.....	1,515	989	2,504	67	1,203	472	1,675	546	8	0	724	5,003				
Virgin Islands.....	0	0	0	0	0	4	4	2	0	0	0	0				

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II - Farm Tenancy: Loan Applications From Veterans, Number Loans Made or Insured, and Average Amount, 1947 and 1948 Fiscal Years and Cumulative From Inception of Program

State and territory	1947 fiscal year					1948 fiscal year					Direct loans made 1945 through 1948				
	Number of loan applications			Direct loans made		Number of loan applications			Direct loans made		Loans insured		Average amount		
	On hand beginning of year	Received during year	Total for consideration	Number	Average amount	On hand beginning of year	Received during year	Total for consideration	On hand end of period	Number	Average amount	Number	Average amount	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
U. S. Total.....	21,102	32,692	53,794	3,111	\$7,772	27,117	22,906	50,023	20,471	1,518	\$7,201	60	\$6,241	6,619	\$7,712
Alabama.....	690	2,420	3,100	96	5,604	1,998	1,795	3,793	1,620	86	5,930	11	5,540	255	6,123
Arizona.....	70	43	113	10	10,689	39	78	117	35	21	3,775	0	0	37	6,963
Arkansas.....	1,807	2,740	4,547	219	5,062	2,327	1,904	4,231	1,613	122	4,756	0	0	472	5,069
California.....	235	216	441	13	11,612	308	153	361	144	17	11,124	0	0	46	11,556
Colorado.....	435	542	977	23	11,198	358	238	596	219	6	10,256	0	0	43	10,900
Connecticut.....	14	45	59	7	10,533	24	15	39	36	1	8,685	0	0	11	10,244
Delaware.....	25	37	62	9	8,241	15	15	30	5	0	27	0	0	19	7,641
Florida.....	503	1,122	1,625	89	6,850	917	369	1,286	386	17	5,260	1	3,009	130	6,461
Georgia.....	294	2,508	2,802	200	5,874	2,078	1,783	3,861	1,382	81	5,337	5	4,295	382	5,691
Iaho.....	656	393	1,049	51	10,463	439	234	673	263	29	9,867	0	0	108	10,586
Illinois.....	58	188	246	16	8,338	131	174	305	98	9	7,787	1	10,635	26	8,230
Indiana.....	212	265	477	34	8,572	187	241	428	199	14	8,861	0	0	62	8,946
Iowa.....	23	68	91	2	9,700	52	489	541	414	22	8,471	0	0	26	8,693
Kansas.....	321	398	719	57	9,249	343	431	774	383	62	9,380	1	6,480	152	9,399
Kentucky.....	375	660	1,035	34	8,929	554	609	1,163	622	24	8,040	5	6,956	67	8,596
Louisiana.....	702	1,101	1,803	61	6,856	1,010	592	1,602	565	25	5,936	0	0	110	6,427
Maine.....	132	221	353	37	7,411	158	88	246	110	11	6,515	0	0	77	7,382
Maryland.....	83	115	198	21	9,673	86	67	153	67	8	8,239	1	5,850	59	8,662
Massachusetts.....	51	92	143	20	8,760	49	53	102	23	5	10,096	0	0	38	9,183
Michigan.....	227	330	557	48	9,695	160	283	443	216	31	9,835	3	7,027	134	9,397
Minnesota.....	278	564	842	128	6,445	218	485	703	219	69	5,896	2	9,292	266	6,375
Mississippi.....	1,367	2,353	3,720	247	6,778	2,101	1,738	3,839	1,376	104	6,213	2	4,800	453	6,697
Missouri.....	678	1,419	2,097	121	7,658	1,211	1,146	2,357	1,091	101	6,921	3	5,298	283	7,272
Montana.....	662	482	1,144	35	11,285	517	198	715	139	9	10,319	0	0	82	10,945
Nebraska.....	288	385	673	39	10,196	354	228	582	231	18	10,649	1	9,450	75	10,377
Nevada.....	63	51	114	11	11,491	33	33	66	25	4	11,575	0	0	18	11,433
New Hampshire.....	30	53	83	5	8,290	14	27	79	14	1	6,545	0	0	8	7,732
New Jersey.....	46	197	243	54	9,307	116	136	252	74	10	8,341	4	9,197	113	9,338
New Mexico.....	386	363	749	48	11,072	408	127	535	190	9	10,394	0	0	81	11,063
New York.....	318	430	748	77	7,202	295	206	501	155	18	7,624	1	4,300	221	7,188
North Carolina.....	569	1,216	1,785	79	5,652	931	1,182	2,113	986	80	5,529	2	3,765	194	5,546
North Dakota.....	423	432	855	63	9,580	372	162	534	179	6	9,722	1	7,560	101	9,871
Ohio.....	109	220	329	23	9,254	146	349	495	230	34	8,368	1	4,300	63	8,765
Oklahoma.....	1,721	2,139	3,870	217	6,638	1,650	1,282	2,932	1,261	88	6,790	0	0	437	7,048
Oregon.....	372	251	623	36	10,388	327	116	443	147	8	10,513	0	0	64	10,692
Pennsylvania.....	369	578	947	83	6,694	479	324	803	260	20	6,727	4	4,986	200	6,773
Rhode Island.....	4	6	10	1	10,900	2	2	4	2	0	9,458	0	0	3	9,825
South Carolina.....	123	628	751	34	5,699	550	622	1,172	640	43	5,242	0	0	100	5,607
South Dakota.....	219	260	479	37	9,686	203	140	343	128	10	7,068	0	0	80	9,618
Tennessee.....	459	1,117	1,776	67	7,713	1,014	1,020	2,034	966	48	7,682	0	0	134	7,557
Texas.....	3,637	3,805	7,442	360	10,138	3,144	2,004	5,148	2,184	85	9,649	2	6,165	743	9,703
Utah.....	203	293	496	60	10,528	283	209	492	282	45	10,287	2	8,100	162	10,544
Vermont.....	43	129	172	22	7,888	74	87	161	74	5	6,686	0	0	58	7,270
Virginia.....	108	179	284	26	7,588	110	228	338	166	19	7,653	0	0	54	7,623
Washington.....	177	263	460	15	10,512	268	291	559	310	17	10,937	0	0	37	10,762
West Virginia.....	188	237	425	21	5,894	156	211	367	180	15	5,282	0	0	51	6,039
Wisconsin.....	355	536	891	88	6,912	271	371	642	212	31	7,533	7	6,420	175	6,856
Wyoming.....	177	147	324	23	11,137	151	67	218	55	12	10,977	0	0	71	10,580
Alaska.....	1	7	8	1	10,000	0	7	7	8	3	9,783	0	0	5	9,272
Hawaii.....	1	7	8	0	0	6	26	32	8	13	8,811	0	0	14	8,955
Puerto Rico.....	658	293	951	15	4,898	511	300	811	321	5	7,433	0	0	33	5,108
Virgin Islands.....	0	0	0	0	0	0	4	4	2	0	0	0	0	0	0

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Table III - Farm Tenancy, Direct Initial Loans - Average Size of Farms and Loan per Acre in 1940, 1945, 1946, 1947 and 1948 Fiscal Years

State and territory	Average acreage of all farms of 30 acres or more in 1945	Average size of farms purchased in fiscal year					Average loan per acre in fiscal year				
		1940	1945	1946	1947	1948	1940	1945	1946	1947	1948
1	2	3	4	5	6	7	8	9	10	11	
U. S. Total.....	260	139	130	162	166	151	\$4.3	\$4.6	\$4.7	\$4.6	\$4.9
Alabama.....	117	125	83	94	111	93	34	56	64	50	65
Arizona.....	5,414	73	54	114	95	137	99	149	105	117	23
Arkansas.....	127	101	89	128	113	134	48	56	38	46	37
California.....	534	51	54	68	56	186	164	214	169	202	57
Colorado.....	946	349	466	377	325	347	31	24	27	33	29
Connecticut.....	118	78	50	52	153	78	102	183	203	72	133
Delaware.....	134	122	125	120	132	148	46	71	56	56	52
Florida.....	365	138	137	115	105	137	29	35	53	66	42
Georgia.....	131	126	107	127	123	122	32	39	40	44	44
Idaho.....	372	120	73	137	205	109	77	142	78	51	95
Illinois.....	180	138	151	137	155	148	79	59	57	60	52
Indiana.....	141	121	100	110	123	117	80	89	83	75	80
Iowa.....	181	138	171	139	163	169	64	50	63	58	50
Kansas.....	386	271	217	219	229	224	33	41	42	40	44
Kentucky.....	114	132	131	119	126	103	64	46	63	72	86
Louisiana.....	131	78	84	97	92	100	64	71	58	78	64
Maine.....	137	136	148	147	162	123	35	31	49	45	53
Maryland.....	142	143	125	130	128	136	46	62	60	71	66
Massachusetts.....	113	123	65	97	69	81	39	84	96	128	124
Michigan.....	124	144	118	124	122	128	66	54	67	76	80
Minnesota.....	190	190	148	146	160	148	45	54	49	45	40
Mississippi.....	124	92	73	73	96	108	49	91	101	72	59
Missouri.....	169	170	152	150	166	161	41	41	43	45	47
Montana.....	1,687	528	485	515	744	361	20	19	21	34	30
Nebraska.....	461	333	416	298	349	314	34	23	34	29	33
Nevada.....	2,390	160	0	99	133	78	50	0	113	88	148
New Hampshire.....	149	133	0	180	147	197	55	0	36	56	30
New Jersey.....	121	122	76	73	55	51	70	130	131	167	175
New Mexico.....	2,454	212	320	430	619	371	47	30	25	18	30
New York.....	148	136	119	134	150	180	39	62	51	48	41
North Carolina.....	95	104	84	77	82	70	48	53	64	68	82
North Dakota.....	602	543	450	415	514	386	13	17	22	18	26
Ohio.....	127	116	109	104	115	115	76	71	72	77	71
Oklahoma.....	261	195	178	197	185	182	37	32	37	38	39
Oregon.....	519	143	73	224	116	164	62	135	47	95	63
Pennsylvania.....	116	129	115	119	122	112	55	59	54	54	64
Rhode Island.....	123	0	0	0	100	141	0	0	109	67	67
South Carolina.....	118	113	93	96	104	96	39	46	54	54	54
South Dakota.....	690	560	432	459	599	377	14	18	20	19	17
Tennessee.....	108	138	116	119	128	130	48	44	60	59	56
Texas.....	473	172	150	162	183	191	42	43	54	52	50
Utah.....	624	112	125	125	162	93	67	210	87	64	114
Vermont.....	183	293	187	167	179	176	21	31	46	38	37
Virginia.....	140	157	133	117	137	91	42	41	56	53	86
Washington.....	412	187	105	191	91	149	45	83	54	117	72
West Virginia.....	127	162	128	123	158	115	39	43	46	36	49
Wisconsin.....	142	137	122	124	125	135	58	54	52	55	58
Wyoming.....	2,735	244	160	599	643	645	32	67	20	17	17
Alaska.....	0	0	0	80	60	80	0	0	88	167	122
Hawaii.....	0	33	28	33	33	35	162	292	270	241	240
Puerto Rico.....	0	43	39	39	53	49	111	94	113	102	145
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0

Note: Farm Development loans not included, since no land was purchased with loan funds.

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Table 14 - Farm Tenancy: Borrowers' Direct Loan Accounts - Number of Borrowers, Amount Loaned and Payments, Cumulative Through March 31, 1948

State and territory	Borrowers paid in full						Borrowers with unpaid balance as of March 31, 1948					
	Total number of borrowers	Total amount loaned	Number	Payments			Number	Scheduled installments	Total	Payments		
				Total	Principal	Interest				Regular and advance payments made on scheduled installments	Extra payments and refunds	
												Amount	As percent of schedule	Amount
1	2	3	4	5	6	7	8	9	10	11	12	
U. S. Total.....	57,682	\$322,557,674	16,145	\$95,606,933	\$84,765,779	\$10,900,154	43,537	\$41,802,986	\$74,273,630	\$63,067,782	151	\$11,205,848
Alabama.....	4,261	17,200,099	1,222	5,238,914	4,671,330	567,584	3,069	2,432,264	4,525,517	3,372,237	140	1,153,280
Arizona.....	50	464,313	12	100,241	86,287	13,954	38	45,248	66,113	66,078	146	3,035
Arkansas.....	3,607	15,607,955	788	3,612,627	3,147,653	464,974	2,819	2,166,712	3,289,584	2,681,767	124	607,827
California.....	342	3,168,693	125	1,164,516	1,018,622	145,894	216	314,092	549,289	508,653	162	40,636
Colorado.....	475	3,444,523	194	1,208,435	1,087,114	121,321	281	412,250	680,992	638,529	155	42,463
Connecticut.....	30	289,107	6	53,113	48,064	5,049	24	23,303	31,043	26,548	114	4,695
Delaware.....	76	2,544,677	20	136,111	117,597	18,514	48	24,069	48,636	47,109	112	1,467
District of Columbia.....	89	2,594,977	114	506,502	452,960	53,542	46	245,948	436,607	299,164	112	137,143
Florida.....	5,072	19,798,777	1,210	5,100,593	4,451,893	531,700	3,862	2,997,124	5,219,248	3,871,027	129	1,348,211
Idaho.....	345	2,529,443	96	655,242	591,531	63,611	249	215,675	431,631	369,546	171	62,085
Illinois.....	835	7,648,787	308	3,136,877	2,754,566	382,311	527	1,209,835	2,169,861	1,981,526	164	188,335
Indiana.....	779	6,619,812	241	2,147,271	1,899,078	248,193	538	880,470	1,853,861	1,712,862	195	140,999
Iowa.....	986	8,651,787	442	4,475,702	3,921,972	553,730	544	1,119,496	2,112,788	1,950,953	174	161,805
Kansas.....	905	7,767,323	255	2,410,228	2,166,064	244,164	650	970,088	1,792,641	1,680,961	173	111,680
Kentucky.....	1,096	7,721,337	429	3,292,170	2,911,875	380,295	667	1,009,610	2,223,548	2,038,711	204	184,837
Louisiana.....	2,036	10,166,255	316	1,930,245	1,676,487	253,758	1,720	1,675,435	2,505,862	1,988,696	119	517,226
Maine.....	150	810,971	28	132,135	122,641	9,454	122	61,586	100,244	88,091	143	12,153
Maryland.....	258	1,892,871	50	352,400	311,545	40,855	208	212,320	362,115	312,278	147	49,837
Massachusetts.....	63	494,528	9	62,385	56,387	5,998	54	37,427	49,402	41,956	112	7,446
Michigan.....	869	10,811,773	255	1,422,220	1,260,194	162,026	634	424,994	1,075,456	969,531	155	105,925
Minnesota.....	2,087	10,853,674	602	3,955,024	3,408,095	446,995	1,205	1,244,999	2,479,624	2,342,308	188	137,316
Mississippi.....	4,316	21,216,791	720	3,197,078	2,748,555	423,315	3,596	1,234,029	4,564,341	3,319,548	103	1,044,773
Missouri.....	2,134	12,466,791	682	3,746,408	3,304,466	441,939	1,482	1,595,640	2,721,838	2,518,630	138	209,220
Montana.....	676	3,779,984	195	760,120	689,914	70,206	481	432,689	1,331,295	1,255,227	124	56,668
Nebraska.....	728	7,136,338	319	3,465,242	3,094,866	370,376	409	584,184	1,266,635	1,226,112	210	40,523
Nevada.....	21	189,912	4	33,168	31,472	1,696	17	10,556	12,799	12,727	121	72
New Hampshire.....	30	165,009	5	29,971	27,068	2,903	25	20,622	24,590	17,047	83	7,543
New Jersey.....	167	1,449,206	15	122,971	107,338	15,633	152	120,603	171,292	130,287	108	17,005
New Mexico.....	239	1,776,333	88	498,551	409,141	49,410	151	133,703	215,434	192,804	144	22,630
New York.....	649	3,923,033	123	764,177	662,136	82,041	526	375,141	697,008	556,530	148	100,478
North Carolina.....	3,240	14,519,143	1,108	5,435,289	4,848,170	587,119	2,132	1,945,438	4,033,819	3,377,752	174	666,087
North Dakota.....	768	4,796,356	352	1,820,194	1,653,059	167,135	416	493,698	1,846,800	1,621,473	199	24,327
Ohio.....	963	7,252,645	312	2,964,900	2,593,099	371,801	651	1,022,760	1,846,343	1,596,597	156	251,786
Oklahoma.....	2,827	16,375,345	829	4,733,911	4,199,749	534,719	2,018	2,064,652	3,404,222	3,298,222	160	515,800
Oregon.....	497	2,682,166	244	936,388	844,246	92,142	253	281,185	481,763	440,868	175	40,955
Pennsylvania.....	803	4,887,002	160	1,040,783	926,120	114,668	643	555,025	936,758	778,275	140	158,483
Rhode Island.....	25	21,197	1	6,547	5,850	697	2	2,049	3,040	3,040	128	17
South Carolina.....	2,582	10,970,057	627	2,909,286	2,593,099	306,861	1,959	1,820,221	3,120,017	2,319,937	127	809,080
South Dakota.....	1,606	4,534,976	243	1,815,296	1,634,445	180,851	363	452,520	928,937	900,521	199	28,416
Tennessee.....	1,898	10,413,082	634	3,741,003	3,300,542	431,461	1,264	1,399,118	2,808,583	2,476,965	177	331,618
Texas.....	4,771	35,112,711	1,270	9,499,812	8,339,628	1,140,184	3,501	4,264,209	7,875,701	6,812,087	160	1,063,614
Utah.....	205	1,723,248	32	133,157	121,461	11,696	173	130,097	165,796	165,796	127	21,669
Vermont.....	121	720,176	21	113,693	100,944	12,749	100	51,572	81,905	66,286	129	15,619
Virginia.....	984	5,290,465	375	2,078,083	1,938,371	239,712	609	701,467	1,298,474	1,114,568	159	183,906
Washington.....	324	2,218,179	126	757,975	681,635	76,340	198	237,728	431,904	379,688	160	52,216
West Virginia.....	904	2,445,071	114	552,121	492,655	59,466	390	397,710	680,733	529,373	133	151,360
Wisconsin.....	1,620	7,426,936	586	2,792,001	2,508,009	283,019	1,094	771,138	1,616,272	1,462,449	192	133,623
Wyoming.....	177	1,264,379	35	224,557	202,340	22,197	142	103,369	161,285	138,409	134	22,876
Alaska.....	2	17,010	0	0	0	0	2	736	139	100	14	39
Hawaii.....	204	1,114,915	84	538,166	476,273	61,893	120	161,317	291,864	213,658	132	78,206
Puerto Rico.....	695	3,310,622	49	295,630	257,574	38,060	646	556,975	705,452	534,007	96	171,445
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0

Note: Covers all loans from appropriated funds and non-cash advances on rural rehabilitation project liquidation farms. Paid up borrowers include those paid up through repossession.

Production and Subsistence Loans - Title II

Title II of the Bankhead-Jones Farm Tenant Act, as amended by the Farmers' Home Administration Act of August 14, 1946, authorizes loans to eligible farm families who are unable to obtain needed credit from any other source at reasonable rates and terms to meet their farm and home operating needs. In addition to credit, borrowers are provided, as required, practical on-the-farm guidance, to assist them in adopting improved farm and home management practices and in making other adjustments necessary to place their farming operations on a sound and profitable basis. These activities are designed to help low-income farmers, including veterans who wish to become established on farms, in developing more efficient farm and home operations that will provide adequate living for their families and greater security on the land.

1. Purposes and Terms of Loans: Loans are made for the purchase of necessary livestock, farm equipment, feed, seed, fertilizer, other farm needs, essential home equipment and family subsistence, including medical care. Loans to any individual borrower in any fiscal year may not exceed \$3,500, and the total outstanding indebtedness of any borrower for all such loans may not exceed \$5,000. Interest is charged at the rate of five percent on the unpaid principal balance. Production and subsistence loans are of two types, as follows:
 - A. Adjustment Loans are made to those farmers who require credit and have or can acquire the necessary land resources and the ability to enable them to make needed adjustments in their farming operations to place such operations on a sound and efficient basis. Adjustment loans are based on individual farm and home plans developed with the advice and assistance of the County Supervisor, and may be repaid over a period of not to exceed five years in a manner consistent with the borrower's ability to pay.
 - B. Annual Loans are made to applicants whose primary credit needs are of a seasonal or emergency nature to provide necessary credit for the production of cash crops or to purchase or grow feed for productive livestock or livestock being fed for the market. Annual operating loans are scheduled for repayment when the principal income from the enterprise financed with such loans normally would be received.
2. Supervision (On-The Farm Guidance): Supervisory assistance in planning and carrying out sound farm and home operations is provided borrower families on the basis of their individual problems and needs. Many applicants for operating loans are handicapped by inadequate land resources, lack of experience, lack of knowledge of modern and efficient management practices, lack of equipment or livestock, or a combination of such problems. Borrowers are provided practical on-the-farm assistance in analyzing, planning and carrying out farm and home operations so as to make the best use of their land, labor, capital and skills. Such supervision contributes directly to the success of the borrowers and is a protection of the financial interests of the Government.

Increasing Demand For Assistance: Applications for new operating loans have increased steadily from 138,967 in the fiscal year 1945 to 191,905 in the fiscal year 1948. Applications from veterans seeking to become established successfully in farming increased from 32,104 in the fiscal year 1946 to 76,279 in 1948. In the first four months of the 1949 fiscal year applications for operating loans exceeded by 29 percent the number of applications for such loans for the same period of the 1948 fiscal year with applications from veterans showing about the same percentage increase. It is expected that considerably more than 200,000 applications for new loans will be received in the fiscal year 1949, and that the demand for production and subsistence loans in 1950 will equal or exceed that for 1949.

Reasons For Continuing Demand: The primary reasons for this continuing demand for operating loan assistance in a period of relatively high agricultural income and the inability of many family-type farm operators to obtain satisfactory credit assistance from other established credit sources are:

1. Many beginning farmers, including veterans, need financial assistance supplemented by guidance in planning and carrying out a sound farm program in order to obtain a satisfactory start in farming.
2. A large number of farmers presently operating on an inefficient basis need financial and supervisory assistance in leasing additional land, acquiring needed livestock or equipment, and for making adjustments and improvements in their farming operations.
3. Tenants, sharecroppers and farm laborers need financial and supervisory assistance to enable them to acquire sufficient assets and knowledge of good farming practices to enable them to become more secure on the land.

One-third, or approximately two million of the farm operators in the Nation do not own the land they operate. Competition for land makes it necessary for these farm operators to increase and improve their operating facilities and to improve their farming methods. In order for these non-owner operators to lease good land in a competitive market, they must have adequate credit to purchase suitable equipment and livestock for the operation of the farms.

4. Large numbers of family-type farm operators need credit that can be repaid from farm income over a period consistent with their ability to pay and at reasonable interest rates. Such credit cannot be obtained from private or cooperative sources for the following reasons:
 - A. Banks and cooperative credit institutions require collateral for loans valued at from two to four times the amount of the loan.
 - B. Loans from banks and cooperative credit institutions for livestock, equipment, and other operating needs are generally

scheduled to be repaid in full within six to twelve months. These repayment requirements do not permit sound farm planning and make it impossible for such farmers to purchase basic livestock, heavy farm machinery, and to make essential soil improvements.

C. Banks and cooperative credit institutions do not offer a complete credit service to these farmers.

D. Banks and cooperative lending institutions are reluctant to make loans where farm and home planning and assistance in adopting improved farm and home practices and managing income are needed.

E. It is also the policy of such institutions to make loans only when farmers have proven to be successful farm operators.

5. There are frequent emergencies due to floods, drought, insect infestations, hailstorms, etc. The usual short term credit will not meet the needs of the farm families in such cases, and banks and other lending agencies have not met the emergency needs of farmers. Experience has proved that this type of assistance can be given more effectively and efficiently by an agency with a trained, experienced staff readily available to needy farm families.

Percent of New Applicants Assisted: Due to the increased costs of items which farmers have to buy, the average size of loans has increased materially during the past five years. As a result, it is impossible to serve with the same amount of funds as many farmers as could be served in 1944. With the steady increase in the number of applications and the necessity for increasing the size of loans in recent years, the percent of applicants receiving loans declined from 79 in 1944 to 33 in 1948. The following table compares the number of new applications for operating loans with the number of initial loans made during the fiscal years 1944 through 1948, and estimated for the fiscal year 1949:

<u>Fiscal Year</u>	<u>No. New Applicants</u>	<u>No. New Loans</u>	<u>Percent of Applicants Served</u>
1944.....	160,852	126,297	79
1945.....	138,967	108,430	78
1946.....	171,254	121,408	71
1947.....	153,899	112,403	73
1948.....	191,905	63,156	33
1949 (Estimated)...	200,000	72,875	36

Significant Program Data

1. Operating Loans made during fiscal years 1946 through 1948 and estimated for 1949 are shown below. The reduction in the number of loans made in 1948 and estimated for 1949 as compared with 1946 and 1947 is due to the reduced appropriations for these years.

Fiscal Year	No. Adjustment Loans		No. Annual Loans	Total Number Loans
	Initial	Subsequent		
1946.....	33,357	81,954	80,377	195,688
1947.....	28,234	70,706	76,412	175,352
1948.....	30,005	46,251	32,674	108,930
1949 (Estimated)	35,550	42,780	37,325	115,655

2. There was a sharp increase in the number of applications from veterans in 1948, and such applications were given preferential consideration in the making of operating loans. The number and amount of operating loans to veterans by fiscal years shows a reduction in 1948 as compared to 1947, due to the reduction in funds available for loans that year.

Fiscal Year	Number of Loans	Amount of Loans
1945-46.....	20,035	\$26,962,929
1947.....	39,657	35,647,578
1948.....	27,746	22,353,692

See Table I for distribution by states.

3. Collections on operating loans have exceeded the advances made for such loans during each of the last three fiscal years as shown by the following statement:

A. For fiscal years 1946, 1947 and 1948, and estimated for 1949:

Fiscal Year	Loan Disbursements	Principal Repayments	Interest Repayments	Total Repayments
1946.....	\$99,556,476	\$117,776,859	\$16,095,218	\$133,872,077
1947.....	90,432,402	119,784,295	14,299,621	134,083,916
1948.....	59,996,090	101,453,618	12,769,753	114,223,371
1949 (Estimated)	75,000,000	79,000,000	10,000,000	89,000,000

B. Cumulative loan advances and collections by agencies:

(1) Farm Security Administration:

Loan Advances to 10/31/46	Collections to 6/30/48		
	Principal	Interest	Total
\$1,004,707,929	\$829,291,357	\$111,412,217	\$940,703,574

Principal payments from these accounts were 88 percent of maturities by June 30, 1948. As of the same date total collections, principal and interest, amounted to 94 percent of the total amount loaned. See Tables II and III for distribution by states and fiscal year.

(2) Emergency Crop and Feed Loan Division:

<u>Loan Advances to 10/31/46</u>	<u>Collections to 6/30/48</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$575,934,555	\$460,918,938	\$44,822,430	\$505,741,368

By June 30, 1948, repayments of principal on Emergency Crop and Feed Loans were 80 percent of the total amount loaned. See Table IV for distribution by loan years.

(3) Farmers Home Administration:

<u>Loan Advances 11/1/46 thru 6/30/48</u>	<u>Collections to 6/30/48</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$121,383,479	\$44,776,601	\$1,893,459	\$46,670,060

See Table V for distribution by states.

- C. Total operating loan advances by FSL, ECFL and FHA and total collections from inception through June 30, 1948:

<u>Loan Advances thru 6/30/48</u>	<u>Collections to 6/30/48</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$1,702,025,963	\$1,334,986,896	\$158,128,106	\$1,493,115,002

4. Increased attention is being given to the settlement of accounts eligible for compromise, adjustment or cancellation under the provisions of Public Law 518, 78th Congress, and Public Law 731, 79th Congress, and considerable progress is being made, as is shown by the following tables:

A. During the fiscal year 1948:

<u>Type of Settlement</u>	<u>Total Number Borrowers</u>	<u>Total In- debtedness To Be Settled</u>	<u>Amount Repaid</u>	<u>Amount Written Off</u>
Adjustment	785	\$ 351,683	\$ 127,203	\$ 224,480
Compromise	12,150	5,222,708	1,419,222	3,803,486
Cancellation	48,992	6,688,851	-	6,688,851
Total	61,927	\$12,263,242	\$1,546,425	\$10,716,817

B. From inception of activity, April 4, 1945, through June 30, 1948:

<u>Type of Settlement</u>	<u>Total Number Borrowers</u>	<u>Total In- debtedness To Be Settled</u>	<u>Amount Repaid</u>	<u>Amount Written Off</u>
Adjustment	1,743	\$ 734,469	\$ 277,764	\$ 456,705
Compromise	18,481	8,021,962	2,352,834	5,669,128
Cancellation	141,007	21,876,210	-	21,876,210
Total	161,231	\$30,632,641	\$2,630,598	\$28,002,043

5. Some indication of the progress borrowers have made as a result of the financial and supervisory assistance provided through this program is shown in the following tables which are based on data compiled through sample surveys of representative groups of borrowers throughout the nation:

- (a) Progress made by borrowers paying their loans in full at the end of 1944 and 1947 crop years:

Item	Averages for Borrowers Entering Program in 1940 and Paying Loans in Full in 1944		Averages for 1947 Crop Year For Borrower Paying Up That Year
	Year Before Entering Program	1944 Crop Year	
Gross Family Income	\$ 839	\$2,759	\$3,208
Gross Farm Income	733	2,311	2,785
Cash Farm Income	555	1,844	2,320
Value of Farm Products			
Used in Home	178	467	465
Farm Operating Expense	222	813	1,014
Net Worth	1,140	3,323	4,002

- (b) Average net worth of active adjustment borrowers as of December 31, 1947, compared with net worth of same borrowers year before acceptance on program:

	End of Year Before Receiving Loan	End of 1947 Crop Year	Percent Increase
Total Owned	\$1,978	\$5,114	159
Total Owed	<u>692</u>	<u>1,799</u>	130
Net Worth	\$1,286	\$3,315	158

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Rural Rehabilitation and Production and Subsistence Loans Advanced to Veterans from Appropriated and State Rural Rehabilitation Corporation Funds, 1947 and 1948 Fiscal Years and Cumulative Through June 30, 1948

State and territory	1947 fiscal year		1948 fiscal year		Cumulative, 1945 through 1948 fiscal years	
	Number	Amount	Number	Amount	Number	Amount
U. S. Total.....	39,657	\$35,647,578	27,746	\$22,353,692	87,438	\$84,964,199
Alabama.....	1,742	778,660	1,314	364,040	3,430	1,474,824
Arizona.....	57	78,407	41	54,020	125	167,489
Arkansas.....	3,023	1,603,856	2,375	1,198,830	6,300	3,603,412
California.....	284	467,383	190	368,698	668	1,177,519
Colorado.....	681	1,004,004	417	536,489	1,465	2,122,594
Connecticut.....	17	26,839	7	13,460	41	58,342
Delaware.....	53	58,211	17	15,137	105	130,636
Florida.....	883	512,306	752	263,402	1,788	947,389
Georgia.....	2,434	1,262,831	1,622	484,271	4,264	1,965,595
Idaho.....	280	432,838	238	510,934	956	1,449,948
Illinois.....	670	1,071,898	330	455,149	1,318	2,099,165
Indiana.....	355	511,846	175	217,617	780	1,167,238
Iowa.....	570	922,640	413	504,637	1,296	2,418,628
Kansas.....	612	877,927	329	528,673	1,609	2,357,688
Kentucky.....	1,257	658,416	874	385,386	2,640	1,343,979
Louisiana.....	1,317	822,249	953	452,391	2,622	1,620,358
Maine.....	234	380,323	150	233,009	580	897,910
Maryland.....	180	200,285	131	135,014	418	524,673
Massachusetts.....	83	110,663	39	49,440	161	223,439
Michigan.....	415	790,252	255	568,159	1,428	2,190,893
Minnesota.....	966	1,463,770	520	792,229	2,385	3,737,441
Mississippi.....	2,113	1,288,342	1,660	810,649	4,367	2,436,729
Missouri.....	757	1,618,757	571	1,030,871	2,434	3,901,007
Montana.....	574	874,513	469	663,756	1,356	2,131,060
Nebraska.....	575	961,460	283	514,366	1,497	2,468,553
Nevada.....	58	98,192	23	32,625	99	176,391
New Hampshire.....	72	96,309	48	52,876	160	242,835
New Jersey.....	197	297,417	120	189,130	429	683,179
New Mexico.....	571	558,281	396	332,935	1,279	1,440,636
New York.....	438	621,428	345	448,637	1,140	1,748,896
North Carolina.....	2,434	1,021,514	1,691	586,890	4,577	1,945,286
North Dakota.....	820	1,081,996	462	615,954	1,845	2,553,547
Ohio.....	487	710,456	199	286,389	992	1,414,097
Oklahoma.....	2,864	2,710,885	2,175	2,020,160	7,160	7,926,228
Oregon.....	198	253,089	143	220,532	518	719,722
Pennsylvania.....	508	566,112	353	439,369	1,258	1,592,547
Rhode Island.....	3	3,844	9	5,700	18	24,272
South Carolina.....	2,360	689,105	1,930	375,516	4,457	1,190,061
South Dakota.....	991	1,631,154	405	734,756	2,199	3,727,700
Tennessee.....	776	433,076	476	274,587	1,534	840,700
Texas.....	4,073	3,185,036	3,073	2,574,439	9,191	8,866,976
Utah.....	221	282,370	148	258,253	561	763,388
Vermont.....	96	168,520	64	104,283	209	366,008
Virginia.....	649	306,107	350	131,698	1,117	538,695
Washington.....	194	293,453	141	249,608	463	779,307
West Virginia.....	351	226,891	215	108,669	680	435,131
Wisconsin.....	489	1,011,151	313	531,719	1,538	2,522,174
Wyoming.....	316	527,303	315	546,771	931	1,578,675
Alaska.....	7	15,436	5	13,725	16	38,825
Hawaii.....	6	9,169	6	10,525	17	28,225
Puerto Rico.....	326	110,588	209	53,694	630	199,204
Virgin Islands.....	0	0	7	2,985	7	2,985

Table II

Rural Rehabilitation Loans of the Farm Security Administration, Including
Maturities and Collections, Cumulative through June 30, 1948

State and Territory	Loan Advances to October 31, 1946 (1)	Matured Principal (2)	C o l l e c t i o n s			Principal Write-Offs (6)	Ratio of Total Collections to Loan Advances (7)	Ratio of Principal Repayments to Matured Principal (8)
			Principal Repayments (3)	Interest Payments (4)	Total (5)			
U. S. Totals	\$1,004,707,929	\$946,107,649	\$829,291,357	\$111,412,217	\$940,703,574	\$1,326,344	93.6%	87.7%
Alabama	44,035,197	12,701,008	31,711,519	4,593,039	36,304,558	667,207	82.4	74.3
Arizona	3,895,610	3,765,766	3,344,222	157,910	3,502,132	8,539	97.6	88.8
Arkansas	16,024,920	44,694,602	37,801,161	4,007,201	41,808,362	22,348	90.8	84.6
California	19,625,650	18,911,768	15,220,029	2,216,555	17,536,584	63,705	89.4	81.0
Colorado	26,904,257	25,751,149	22,289,552	3,354,254	25,643,806	227,636	95.3	96.6
Connecticut	1,262,888	1,333,966	1,201,282	113,837	1,315,119	13,512	98.9	90.3
Delaware	788,861	608,621	500,838	89,225	590,063	74.8	82.3	82.3
Florida	13,589,644	13,096,924	9,166,604	1,559,090	10,725,694	10,411	78.9	70.0
Georgia	11,139,170	39,693,438	30,120,752	4,123,502	34,244,254	319,868	83.2	75.6
Idaho	18,272,294	17,100,781	16,200,096	2,027,024	18,227,120	25,932	99.7	94.7
Illinois	21,772,700	20,011,766	18,806,087	2,739,634	21,545,721	59,349	98.9	94.0
Indiana	17,508,185	16,135,321	15,604,892	2,135,791	17,740,683	52,925	101.3	95.1
Iowa	25,675,211	23,389,245	22,934,043	3,107,387	26,041,430	156,636	101.4	98.1
Kansas	29,735,613	27,717,111	25,233,435	3,937,035	29,170,470	191,115	98.1	90.9
Kentucky	11,649,924	13,925,160	13,147,253	1,548,976	14,696,229	13,362	102.1	96.4
Louisiana	34,608,642	33,911,380	27,829,432	2,991,229	30,820,661	93,135	89.0	82.0
Maine	14,211,795	13,750,730	11,820,525	1,381,455	13,201,980	84,865	92.9	86.0
Maryland	4,271,956	3,541,257	2,938,031	151,240	3,089,271	3,623	79.3	83.0
Massachusetts	2,011,102	1,883,186	1,572,544	216,293	1,788,837	24,528	88.9	83.5
Michigan	19,227,649	16,788,040	15,478,214	2,350,569	17,828,783	58,281	92.1	92.2
Minnesota	28,157,500	25,122,157	24,120,359	3,812,136	28,232,495	31,294	100.2	97.2
Mississippi	17,730,949	16,336,895	37,675,340	4,211,677	41,887,017	63,055	87.7	81.3
Missouri	36,196,681	34,193,615	32,181,092	4,578,653	36,759,745	97,256	100.7	94.1
Montana	27,339,631	22,301,344	19,285,590	3,075,759	22,361,349	57,230	95.8	86.5
Nebraska	27,112,323	25,921,677	23,855,160	4,094,073	27,949,233	60,129	101.9	92.0
Nevada	1,720,324	1,624,657	1,455,168	215,144	1,670,882	517	96.5	89.6
New Hampshire	2,615,100	2,361,316	1,959,384	373,186	2,332,870	12,573	89.1	83.0
New Jersey	4,023,920	3,616,362	2,643,206	126,896	2,770,102	3,616	76.3	73.1
New Mexico	9,802,583	9,040,824	7,689,575	1,006,840	8,696,415	15,662	88.7	85.0
New York	16,292,064	13,625,313	11,671,213	1,996,788	13,668,001	59,192	84.1	85.6
North Carolina	37,618,851	36,754,178	33,873,519	2,590,746	36,464,265	94,030	96.9	92.2
North Dakota	18,975,394	17,660,102	16,020,666	2,197,560	18,218,226	33,378	99.2	90.7
Ohio	18,038,239	17,065,659	15,711,718	2,195,917	18,207,635	10,694	100.9	92.1
Oklahoma	56,867,662	52,321,596	48,298,161	5,706,865	54,005,026	8,798	92.3	95.0
Oregon	11,693,792	11,096,786	10,059,710	1,231,257	11,290,967	30,310	96.6	91.0
Pennsylvania	11,717,244	10,040,879	8,301,868	1,320,366	10,122,234	18,272	88.9	88.6
Rhode Island	445,875	430,775	370,165	60,226	432,691	1,121	97.0	86.0
South Carolina	22,372,137	21,639,366	16,228,680	2,395,023	18,623,703	76,825	82.8	75.0
South Dakota	29,550,777	27,610,124	24,736,295	4,842,262	29,578,557	16,373	100.1	89.6
Tennessee	12,205,876	11,683,076	11,317,369	1,151,641	12,469,010	5,129	102.1	96.8
Texas	92,505,786	87,938,600	76,116,256	7,828,081	83,944,337	299,098	90.8	86.7
Utah	10,237,642	9,386,220	8,611,889	1,110,665	10,022,554	58,919	97.9	91.7
Vermont	3,202,689	2,836,179	2,598,590	398,752	2,997,342	3,617	93.6	91.6
Virginia	10,543,711	10,126,767	8,930,818	1,087,113	10,017,931	16,116	95.0	88.2
Washington	15,588,934	11,989,052	12,304,576	1,696,749	14,001,325	74,715	93.6	86.1
West Virginia	6,370,288	6,113,290	5,576,571	1,143,196	6,719,767	16,086	105.5	91.2
Wisconsin	23,517,446	20,991,611	20,795,760	2,762,185	23,557,945	29,235	100.2	99.0
Wyoming	18,979,263	18,079,591	16,508,371	2,628,055	19,136,426	16,086	100.8	91.3
Alaska	433,361	169,125	113,183	70,000	213,273	641	49.2	84.5
Hawaii	536,177	166,588	439,842	54,744	494,586	0	92.2	96.3
Puerto Rico	6,194,113	5,570,590	4,307,089	426,693	5,327,782	1,668	86.0	88.1
Virgin Islands	135,499	103,136	83,463	13,003	96,466	0	72.7	80.9

Note: Individual amounts by states include transfers of loans between states for collection purposes. Column (6) Principal Write-Offs were made under authority of Public Laws 518 and 731.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table III
Rural Rehabilitation Loans of the Farm Security Administration:
Obligations, Advances, Collections and Principal Write-Offs

Fiscal Year	Amount of Appropriations to 10/31/46 (1)	Amount of Loan Advances (2)	Collections to 6/30/48			Principal Write-offs Public Law 518 & 731 (6)
			Principal Repayments (3)	Interest Payments (4)	Totals (5)	
1936	\$ 76,962,281	\$ 150,641,117	\$ 991,875	\$ 9,939	\$ 1,001,814	\$ 0
1937	74,501,514	68,361,938	22,089,409	923,128	23,012,537	0
1938	70,191,639	120,396,359	26,117,504	1,221,805	27,339,309	0
1939	118,734,534	97,150,072	33,209,930	736,731	33,946,661	0
1940	96,838,982	108,340,353	47,335,631	7,622,735	54,958,366	0
1941	115,190,441	132,842,487	51,188,728	11,151,723	62,340,451	0
1942	116,247,018	89,143,198	80,823,017	13,540,087	94,363,104	0
1943	95,208,439	61,409,933	114,285,798	13,709,147	127,994,945	0
1944	66,597,215	66,341,263	106,493,360	18,293,745	124,787,105	0
1945	66,776,694	82,430,549	103,928,085	14,849,192	118,777,277	0
1946	82,013,151	27,650,660	94,678,289	11,596,411	106,274,700	61,255
1947	28,330,047	0	96,504,234	10,488,549	106,992,783	353,588
1948	0	0	51,645,497	7,269,025	58,914,522	2,911,501
Totals	\$1,007,591,855	\$1,004,707,929	\$829,291,357	\$111,412,217	\$940,703,574	\$3,326,344

Note: Table does not include \$3,038,874 water facility loans and \$8,171,710 development loans from Loans, Grants and Rural Rehabilitation funds. The excess of loan obligations over loan advances is due to the reduction of loan advances for unpaid balances of cooperative association loans transferred to other agencies, offset in part by non-cash advances to borrowers.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table III
Emergency Crop and Feed, and Drought Relief Loans - Number and Amount of Loans
Made, Collected and Written-Off through June 30, 1948

	Loans Made		Amount Principal Collections	Percent Principal Collections	Principal Written-Off Under Public Laws 518 and 721		Balances Outstanding	
	Number	Amount			Number	Amount	Number	Amount
Seed-Grain Loans	1	2	3	4	5	6	7	8
1918 - 1919	15,973	\$ 4,200,883	\$ 3,148,433	74.9	17	\$ 4,645	3,868	\$ 1,047,805
Emergency Crop Loans								
1921 - 1936	2,756,596	304,356,71.3	237,277,464	78.0	155,441	10,323,454	563,895	56,755,795
Sub-Total 1918-1936	2,772,569	303,557,596	240,425,897	77.9	155,458	10,328,099	567,763	57,803,600
Emergency Crop and Feed Loans 1937-1947	1,385,894	195,351,064	177,370,092	90.5	21,335	1,277,211	159,664	16,703,761
Total all Emergency Crop and Feed Loans	4,158,463	503,908,660	417,795,989	82.9	176,793	11,605,310	727,427	74,507,361
Drought Relief Loans								
1934 - 1935	300,614	72,008,540	43,107,410	59.9	26,266	4,679,081	120,623	24,222,049
Orchard Rehabilitation Loans								
1942	13	17,355	15,539	89.5	-	-	3	1,816
Grand Total	4,459,090	\$575,934,555	\$460,918,938	80.0	203,059	\$16,284,391	848,053	\$98,731,226

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Production and Subsistence Loans, Maturities and Collections, Cumulative through June 30, 1943 1/

Table 1

State and Territory	Cumulative Loan Obligations (1)	Cumulative Advances (2)	Matured Principal (3)	Collections			Principal Write-Offs Public Laws 518 and 731 (7)	Ratio of Principal Repayments to Matured Principal (8)
				Principal Repayments (4)	Interest Payments (5)	Total (6)		
U. S. Totals	\$121,390,080	\$121,393,1179	\$19,797,1143	\$14,776,601	\$1,893,1559	\$16,670,060	\$901	89.9%
Alabama	4,622,815	4,620,726	2,355,588	2,114,695	81,724	2,196,119		89.8
Arizona	292,600	298,275	104,661	82,783	5,025	87,808	234	79.1
Arkansas	6,021,290	6,018,690	2,850,037	2,553,960	101,102	2,655,362		89.6
California	1,653,773	1,664,141	573,620	1,79,131	29,684	508,815		83.5
Colorado	3,051,112	3,061,1176	1,216,002	1,157,1148	52,115	1,209,293	1	95.0
Connecticut	66,085	23,225	23,225	19,078	1,622	20,700		82.1
Delaware	90,198	92,298	28,664	17,599	1,175	18,734		61.3
Florida	1,583,682	1,583,156	801,555	573,210	20,882	594,092		71.5
Georgia	6,117,624	6,123,247	3,336,129	2,983,129	101,139	3,084,268	312	89.7
Idaho	2,251,628	2,236,157	711,718	670,598	34,675	705,273	1	94.2
Illinois	1,931,987	1,938,834	1,090,012	1,071,393	33,627	501,020		95.4
Indiana	1,222,924	1,222,838	331,771	319,159	19,252	338,691		96.3
Iowa	1,886,898	1,890,388	1,046,936	1,06,556	24,630	111,186		93.2
Kansas	2,036,384	2,029,795	563,727	506,000	28,538	534,538		89.8
Kentucky	2,570,040	2,562,159	874,221	819,069	15,970	835,039		93.7
Louisiana	4,768,379	4,763,1171	2,159,367	2,301,087	77,855	2,378,942	3	93.6
Maine	1,895,159	1,897,504	918,023	869,821	37,331	907,152		94.7
Maryland	777,1159	770,734	169,153	117,718	10,113	127,831		69.6
Massachusetts	228,600	229,000	83,188	61,120	4,015	65,135		73.2
Michigan	2,341,834	2,338,720	394,890	139,343	34,142	173,785		111.2
Minnesota	2,305,276	2,307,590	609,702	668,138	34,526	702,664		109.6
Mississippi	6,207,806	6,216,315	3,118,298	2,819,013	106,198	2,925,511	4	91.4
Missouri	3,199,053	3,199,515	980,576	896,286	19,136	915,732		91.4
Montana	2,955,839	2,967,885	970,807	869,191	35,141	904,632		93.4
Nebraska	1,621,1118	1,619,983	114,136	114,955	24,809	139,764		92.5
Nevada	220,111	220,111	11,812	11,663	3,915	15,578		92.9
New Hampshire	209,694	207,618	16,035	37,304	1,149	41,153		81.0
New Jersey	813,1173	810,052	259,150	169,016	11,889	180,995		65.2
New Mexico	1,301,645	1,306,934	149,286	333,100	16,678	349,778		74.1
New York	1,966,361	1,965,606	120,121	309,647	23,753	373,460		83.2
North Carolina	10,016,305	10,012,371	5,116,099	5,060,113	161,391	5,221,834	126	93.4
North Dakota	2,250,393	2,216,118	903,161	873,168	27,601	901,069		96.7
Ohio	1,099,041	1,097,867	262,125	212,738	16,715	229,453		82.5
Oklahoma	5,839,719	5,854,866	1,979,135	1,697,739	73,079	1,770,818		85.8
Oregon	1,065,980	1,062,605	315,216	294,529	16,119	311,008		93.4
Pennsylvania	1,665,564	1,656,119	135,138	318,218	20,916	369,194		80.0
Rhode Island	37,150	37,150	11,893	7,918	613	8,531		80.6
South Carolina	7,216,950	7,218,109	4,403,781	3,812,530	121,155	3,933,685		87.2
South Dakota	1,940,061	1,950,611	615,365	555,288	22,275	577,563		90.5
Tennessee	2,186,074	2,197,311	934,144	869,166	36,055	905,221		93.0
Texas	9,975,115	10,000,118	4,529,005	3,899,130	153,726	4,052,856	300	86.1
Utah	918,550	919,698	270,566	236,683	12,873	249,556		87.5
Vermont	349,084	337,827	32,285	31,113	35,885	66,998		93.1
Virginia	1,311,158	1,339,156	709,156	660,185	23,650	683,135		102.0
Washington	957,178	953,057	260,194	265,681	14,536	280,230		87.2
West Virginia	181,580	179,915	116,930	101,965	6,136	108,101		136.5
Wisconsin	2,655,521	2,658,329	528,290	721,029	54,866	775,895		86.0
Wyoming	2,277,156	2,228,910	718,169	617,116	31,699	648,715		89.4
Alaska	10,191	10,191	9,156	1,670	132	5,102		96.5
Hawaii	131,773	131,773	20,995	2,451	1,760	22,014		64.0
Puerto Rico	2,627,370	2,620,625	1,259,667	888,26	35,761	863,787		213.5
Virgin Islands	25,000	25,100	310	662	8	668		

1/ Loans made by Farmers Home Administration subsequent to October 31, 1946

(b) Farm Tenant-Mortgage Insurance Fund,
Farmers' Home Administration

This budget schedule covers an account established pursuant to Sections 11(a) and 12(e)(2) of the Farmers' Home Administration Act of 1946, approved August 14, 1946, (Public Law 731) which authorized the appropriation of not to exceed \$25,000,000 for the establishment of such fund. The sum of \$1,000,000 was provided in the Department of Agriculture Appropriation Act, 1948 for the establishment of the fund. This amount is to be supplemented by initial and annual charges collected from insured mortgagors and by such initial fees for inspection, appraisal and other charges as the Secretary of Agriculture finds necessary. Pursuant to the authority contained in the Act, moneys not needed for current operations are being invested in direct obligations of the United States. One-half of the initial and annual charges collected from insured mortgagors as the premium for insurance and such amounts as are appropriated under Section 11(a) are available for payments with respect to insured mortgages under Sections 12 and 13 of the Act. The other one-half of the initial and annual charges are administrative expense charges, and together with such initial fees for inspection, appraisal and other charges as the Secretary may determine are available for administrative expenses in carrying out the provisions of the Act. It is estimated that receipts derived from these sources during the fiscal year 1949 available for administrative expenses will amount to approximately \$40,000. It is proposed that these funds be transferred to the appropriation "Farmers' Home Administration" in the fiscal year 1950 to meet administrative expenses in connection with the mortgage insurance program for that year. This is \$28,000 over the amount available in the fiscal year 1949 for such expenses.

THE HISTORY OF THE
CITY OF BOSTON

FROM THE FIRST SETTLEMENT
TO THE PRESENT TIME
BY
JOHN B. HENNING

IN TWO VOLUMES.
VOL. I.

BOSTON:
PUBLISHED BY
JOHN B. HENNING,
100 NASSAU ST. N. Y.

1850.

(c) Water Facilities, Arid and Semi-Arid Areas

Appropriation Act, 1949.....	\$1,750,000
Proposed transfer in the 1950 estimates to "Farmers' Home Administration".....	-1,750,000
Budget Estimate, 1950.....	<u> - </u>

The estimates propose that the water facilities program be carried as a part of appropriation for the Farmers' Home Administration. Accordingly, the following language is proposed for deletion.

Water Facilities, Arid and Semi-Arid Areas

Development of Water Facilities, Arid and Semi-Arid Areas, Department of Agriculture---

To carry into effect the provisions of the Act to promote conservation in the arid and semi-arid areas of the United States by aiding in the development of facilities for water storage and utilization, approved August 28, 1937, as amended (16 U.S.C. 590r-590x, 590z-5), \$1,750,000, of which not to exceed \$11,000 may be expended for personal services in the District of Columbia.

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1950

WATER FACILITIES LOANS

1. Purpose of Loans: Under the Water Facilities Act of August 28, 1937, loans are made to individual farmers or ranchmen or to groups of from two to one hundred or more farmers when water resources are limited or too costly for the individuals to develop alone. Loans are of two types:
 - A. Farmstead loans made to provide adequate water supplies close to the farm buildings for household use, for livestock, and for garden production by installing new facilities such as wells, ponds, and cisterns with appurtenant equipment or by improvements to existing facilities.
 - B. Irrigation loans made to provide new facilities and to develop or improve existing facilities for supplying water for crop production. The types of facilities developed vary with the needs of the locality and may include such things as small irrigation systems, large water wells including pumping plants and farm distribution systems, low capacity pumps and sprinkler systems, or small storage reservoirs and dams.
2. Terms of Loans: Loans are made for periods sufficiently long, not to exceed 20 years, to allow the operator to make repayment from income derived from the use of the facility. Interest is charged at 3 percent per annum on the unpaid balance of all loans. Loans are not approved for applicants who can secure adequate credit on reasonable terms from other credit sources.
3. Technical Assistance: Engineering assistance is given in planning and installing farmstead and irrigation facilities. Such assistance is necessary for efficient service of the installations and to assure repayment of the loans. Farm and home management guidance is provided as needed to assist in profitable utilization of the facilities.
4. Progress of Program:
 - A. Applications: During the fiscal years 1946, 1947 and 1948 applications from individuals were received for approximately three times as many loans as could be made. Only fifteen percent or less of the group applications could be met with loans in each of these years. Applications and number of loans made in recent years and estimated for 1949 are shown below.

(1) Individual Loans

<u>Fiscal Year</u>	<u>Number Applicants</u>	<u>Number Initial Loans Made</u>	<u>Loans as % of Applicants</u>
1946	2,744	996	36
1947	2,328	886	38
1948	2,408	776	32
1949 (Est.)	3,100	776	25

(2) Group Loans.

<u>Fiscal Year</u>	<u>Number Applicants</u>	<u>Number Initial Loans Made</u>	<u>Loans as % of Applicants</u>
1946		12	
1947	127	13	10
1948	110	16	15
1949 (Est.)	120	17	14

See Table I for distribution by states.

- B. Number and Amount of Loans: During the fiscal year 1948 approximately twenty percent of the loan funds were used for group loans and eighty percent for loans to individuals. Cumulatively loans to groups and individuals have been of about the same proportion. The tables below show the number and amount of loans during the 1948 fiscal year and cumulatively since inception of the program.

(1) Fiscal Year 1948.

	<u>Loans to Individuals</u>		<u>Loans to Groups</u>		<u>Total Loans</u>
	<u>Initial</u>	<u>Supplemental</u>	<u>Initial</u>	<u>Supplemental</u>	
Number	776	87	16	5	884
Amount	\$1,140,149	\$78,243	\$273,785	\$13,300	\$1,505,477

(2) Cumulative since inception of the program through 1948.

	<u>Number</u>		<u>Amount</u>
	<u>Initial</u>	<u>Supplemental</u>	<u>Obligated</u>
Loans to Individuals	8,558	1,902	\$7,169,400
Loans to Groups	107	18	1,687,950
Total	8,665	1,920	\$8,857,350

See Table I for distribution by states.

- C. Average Size of Loans: Increased costs of labor and material used in irrigation and farmstead water facilities installations have reduced the number of farms that can be equipped with a given amount of money. Changes in the average size of loans since 1940 are shown in the following table.

<u>Fiscal Year</u>	<u>Loans to Individuals</u>		<u>Loans to Groups</u>	
	<u>Initial</u>	<u>Supplemental</u>	<u>Initial</u>	<u>Supplemental</u>
1940	\$ 493	\$ -	\$ 6,169	\$ -
1945	587	516	14,239	5,667
1948	1,469	899	17,112	2,660

- D. Repayment Progress: Since inception of the Water Facilities program, 5,009 of the 8,558 individual borrowers receiving loans have paid their accounts in full. Nine of the 107 group loans

have also been paid in full. For the borrowers still owing accounts, 1948 collections exceeded those of 1947 by 12 percent for individuals and 13 percent for groups. The following statements show repayment progress cumulative since the inception of the program to June 30, 1948:

Loan advances and repayments cumulative to June 30, 1948.

<u>Loan Advances</u>	<u>Matured Principal</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
\$8,857,350	\$4,250,098	\$4,336,781	\$512,500	\$4,849,281

See Table II for distribution by states.

E. Facilities For Which Loans Have Been Made: The table below shows the facilities for which loans have been made since inception of the program and for the fiscal year 1948.

<u>Description</u>	<u>Fiscal Year 1948</u>	<u>Cumulative to June 30, 1948</u>
<u>Stock Water Facilities</u>		
Number of ponds	18	665
Number of wells	349	4,433
Number of springs developed	10	189
Other facilities	13	1,724
<u>Irrigation Facilities</u>		
Number of dams	8	275
Number of wells	117	1,197
Number of pumps	32	1,248
Number of distribution systems	14	1,632
<u>Other Facilities</u>	93	1,018
Total	654	12,381

F. Economic Progress of Borrowers: A study was made in 1947 to ascertain the progress of all borrowers owing balances at the close of the 1947 crop year and operating farms containing the same acreage that they operated before installation of their water facilities. The table below summarizes data showing the progress made by these borrowers.

(1) Financial Position:

	<u>Year Prior to Installation</u>	<u>December 31, 1947</u>	<u>Percent Increase</u>
Assets	\$9,099	\$13,283	46.0
Liabilities	3,528	3,726	5.6
Net Worth	5,571	9,557	71.5
Value of Machinery, Equipment and Work-stock	1,508	2,497	65.6

(2) Crop Yields and Livestock Sales

	Crop Year Before <u>Installation</u>	1947 <u>Crop Year</u>	Percent <u>Increase</u>
Forage, yield per acre, (tons)	1.8	3.0	66.7
Small grain, yield per acre, (bu.)	14.8	24.9	68.2
Corn, yield per acre, (bu.)	25.0	36.2	44.8
Cattle and calves sold per farm	6	8	33.3
Sheep sold per farm	56	90	60.7
Dairy products sold per farm, (gal.)	3,863.0	4,964.0	28.5

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Water Facilities Loans to Individuals and Groups - Number of Loans and Average Amount, 1946, 1947, and 1948 Fiscal Years and Cumulative Since Inception of Program

State	1946 fiscal year				1947 fiscal year				1948 fiscal year				Cumulative through June 30, 1948		
	Initial		Supplemental		Initial		Supplemental		Initial		Supplemental		Number of initial loans	Amount of initial and supplemental loans	Average amount
	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount					
											1	2	3	4	5
Loans to Individuals															
U. S. Total.....	996	\$770	102	\$493	886	\$1,210	151	\$850	776	\$1,469	87	\$899	8,558	\$7,169,400	\$838
Arizona.....	18	1,298	4	363	16	837	4	725	15	2,177	7	639	121	172,530	1,426
California.....	38	1,648	0	0	49	1,681	6	772	52	2,088	8	1,312	312	501,271	1,607
Colorado.....	41	617	4	500	52	904	8	990	26	1,116	1	2,900	354	312,715	883
Idaho.....	6	695	7	494	99	946	10	459	111	1,167	10	666	552	462,132	837
Kansas.....	42	393	2	350	39	1,896	1	500	54	1,285	2	338	416	264,772	636
Montana.....	48	1,105	10	382	49	1,157	11	714	47	1,815	8	654	327	308,449	943
Nebraska.....	56	992	3	915	32	1,692	5	1,045	21	2,387	2	780	480	388,497	809
Nevada.....	4	512	0	0	5	1,664	0	0	4	1,194	1	1,400	32	45,824	1,432
New Mexico.....	32	683	5	513	31	1,721	7	959	35	1,810	3	1,630	247	278,279	1,127
North Dakota.....	31	440	0	0	24	604	0	0	9	978	0	0	251	110,595	440
Oklahoma.....	160	396	8	361	99	551	31	402	79	675	5	325	1,026	467,726	456
Oregon.....	51	726	4	728	71	1,000	7	549	18	1,149	5	720	474	368,987	778
South Dakota.....	39	678	4	869	26	1,157	4	630	10	1,096	2	918	340	165,489	487
Texas.....	295	761	43	488	152	1,586	35	1,544	143	1,498	11	824	2,082	1,900,168	913
Utah.....	53	1,322	0	0	50	1,384	9	606	51	1,564	11	1,134	475	480,334	1,011
Washington.....	41	1,064	4	582	51	1,273	8	892	66	2,072	5	1,498	405	479,417	1,184
Wyoming.....	41	590	4	245	41	1,069	5	519	35	1,228	6	647	664	462,305	696
Loans to Groups															
U. S. Total.....	12	\$16,998	3	\$6,253	13	\$18,275	2	\$4,745	16	\$17,112	5	\$2,660	107	\$1,687,950	\$15,775
Arizona.....	0	0	1	3,000	1	7,500	0	0	1	42,000	0	0	5	128,500	25,700
California.....	0	0	1	12,000	0	0	0	0	0	0	1	8,500	3	65,500	21,833
Colorado.....	0	0	0	0	3	13,500	0	0	4	20,500	0	0	21	240,217	11,439
Idaho.....	2	19,829	1	3,759	3	17,033	0	0	3	6,562	2	1,600	25	435,766	17,431
Montana.....	0	0	0	0	2	16,500	0	0	2	3,650	0	0	8	110,780	13,848
Nevada.....	0	0	0	0	1	46,200	0	0	1	13,000	0	0	3	82,200	27,400
New Mexico.....	1	22,000	0	0	0	0	0	0	0	0	0	0	9	59,890	6,654
Oregon.....	1	7,500	0	0	0	0	0	0	1	15,000	0	0	6	96,487	16,148
Utah.....	5	15,648	0	0	1	50,000	2	4,745	2	26,500	0	0	17	330,018	19,413
Washington.....	2	3,290	0	0	2	4,640	0	0	1	16,000	2	800	7	48,392	6,913
Wyoming.....	1	50,000	0	0	0	0	0	0	1	25,600	0	0	3	69,800	29,933

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table II

Water Facilities Loans, Maturities and Collections,
Cumulative through June 30, 1948 1/

State	Cumulative loan obligations <u>2/</u>	Cumulative loan advances <u>2/</u>	Matured principal	C o l l e c t i o n s			Ratio of principal repayments to matured principal (7)
				Principal repayments	Interest payments	Total	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
U. S. Totals	\$8,857,350	\$8,428,515	\$4,250,098	\$4,336,781	\$512,500	\$4,849,281	102.0%
Arizona	301,030	240,239	97,200	94,123	19,047	113,170	96.8
California	566,771	552,786	260,955	263,663	30,356	294,019	101.0
Colorado	552,932	458,563	257,339	256,496	36,840	293,336	99.7
Idaho	897,898	852,869	357,465	371,878	68,826	440,704	104.0
Kansas	264,772	253,721	125,809	123,609	9,660	133,269	98.2
Montana	449,229	380,527	127,914	131,202	19,388	150,590	102.6
Missouri	0	450	0	200	4	204	
Nebraska	388,497	378,394	231,500	234,839	19,625	254,464	101.4
Nevada	128,024	120,000	47,192	42,288	7,438	49,726	89.6
New Mexico	338,169	328,474	148,394	139,196	12,548	151,744	93.8
North Dakota	110,505	108,602	84,090	83,959	5,036	88,995	99.8
Oklahoma	467,726	459,027	278,209	287,746	25,829	313,575	103.4
Oregon	465,874	457,242	248,094	268,251	32,795	301,046	108.1
South Dakota	165,489	164,750	106,716	100,808	7,466	108,274	94.4
Texas	1,900,168	1,896,933	1,137,191	1,163,002	104,172	1,267,174	102.2
Utah	810,352	727,988	221,825	243,947	49,700	293,647	110.0
Washington	527,809	524,039	220,591	226,641	23,046	249,687	102.7
Wyoming	552,105	523,911	299,614	304,933	40,724	345,657	101.8

1/ Includes Water Facilities loans to individuals and groups.

2/ Amounts reflected are cumulative obligations from inception of the program. Includes \$3,038,874 obligated from "Loans, Grants, and Rural Rehabilitation" funds. Loan advances represent charges to borrowers' accounts. The difference between obligations and advances represents unliquidated obligations, unposted advances, non-cash advances, and transfers between states.

(d) Loans to Farmers, 1948 Flood Damage,
Department of Agriculture

Appropriated 1948 (Available to June 30, 1949)..... \$6,000,000

PROJECT STATEMENT
(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)
1. Flood damage loans.....	--	\$5,770,000	--
2. Salaries and expenses...	--	230,000	--
Total Pay Act costs	--	<u>20,638</u>	--
Total available.....	--	6,000,000	--
Prior year balance avail- able.....	--	-6,000,000	--
Balance available in sub- sequent year.....	\$6,000,000		
Total appropriation or estimate.....	6,000,000	--	--

THE EMERGENCY PROGRAM

The Second Deficiency Appropriation Act, 1948 made available until June 30, 1949, \$6,000,000 to provide loans to farmers whose property was destroyed or damaged by floods in 1948. Administrative expenses payable from the funds made available are limited to 4 percent of the amount of loans made.

These loans are to farmers who suffered damage to their farms and crops from floods during the calendar year 1948, for the restoration of buildings, purchase or repair of equipment, purchase of livestock, and for the continuation of farming operations. Loans will not be made to farmers who are able to secure adequate credit on reasonable terms from other sources.

CHANGE IN LANGUAGE

Loans to Farmers, 1948 Flood Damage

Loans to Farmers, 1948 Flood Damage, Department of Agriculture --

Loans to farmers, 1948 flood damage: To provide assistance to farmers whose property was destroyed or damaged by floods in 1948, \$6,000,000 to remain available until June 30, 1949, which the Secretary of Agriculture is authorized to utilize through any existing agency or bureau for loans in such manner and upon such terms and conditions as he may prescribe for the purpose of aiding such farmers to continue farming operations, and for all necessary administrative expenses (not to exceed 4 per centum of the total amount of loans made) in connection with making and servicing such loans, including printing and binding, and personal services in the District of Columbia: Provided, That no such loan shall be made unless no other source of public or private credit is available.

This language is recommended for deletion in its entirety, since it will no longer be necessary after June 30, 1949, the date the authority to utilize funds expires.

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS

(Amounts Shown Below Include Pay Act Costs)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>Farm Tenant-Mortgage Insurance</u>			
<u>Fund:</u>			
Revolving fund for payments with respect to insured mortgages under Sections 12 and 13 of the Farmers' Home Administration Act of 1946.....	\$1,000,000	\$3,000	\$6,000
<u>Liquidation of Deposits, Lease and Purchase Contracts:</u>			
Trust funds received as deposits toward purchase price of property sold under lease and purchase agreements; available for refund upon conversion of the agreement to a deed or for application against the deed obligation.....	69,648	20,000	5,000
<u>Liquidation of Deposits, Reserve for Maintenance and Repairs, Lease and Purchase Agreements:</u>			
Trust funds received from purchasers of property as a reserve fund to provide for maintenance and repair of such property in accordance with the lease and purchase agreement.....	6	--	--
<u>Operation and Maintenance of Resettlement and Rural Rehabilitation Projects:</u>			
Trust fund receipts from operations of resettlement and rural rehabilitation projects, which were covered into the Treasury and constitute a special trust fund which was transferred to the Farmers' Home Administration for payments in lieu of taxes to taxing bodies and for operation and maintenance of such projects.....	355,751	229,384	65,000

(Continued on next page)

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
<u>State Rural Rehabilitation</u>			
<u>Corporation Funds:</u>			
Trust funds of State RR Cor-			
porations made available to the			
Department for rural rehabili-			
tation purposes within the			
several states, as follows:			
Salaries and expenses.....	1,145,856	1,141,424	937,000
Rural rehabilitation projects..	10,782	11,066	9,000
Loans.....	5,001,257	4,400,000	3,600,000
Total state corporation			
funds.....	6,157,895	5,552,490	4,546,000
<u>Unclaimed Moneys of Individuals</u>			
<u>Whose Whereabouts are Known:</u>			
Trust funds received through			
deposit of small sums of			
excess repayments of loans,			
available for refund upon			
submission of individual			
claims.....	- -	1,000	1,000
<u>Penalty Mail Costs (Allotment</u>			
<u>to Farmers' Home Administration):</u>			
For cost of penalty mail as re-			
quired by the Act of June 28,			
1944 (39 U.S.C. 321 d).....	159,322	- -	- -
<u>TOTAL, OBLIGATIONS UNDER</u>			
<u>SUPPLEMENTAL FUNDS.....</u>	7,742,622	5,805,874	4,623,000

PASSENGER MOTOR VEHICLES

The estimate for the Farmers' Home Administration for 1950 contemplates the replacement of 10 passenger motor vehicles under the appropriation "Farmers' Home Administration". The estimated mileage of the 10 cars to be replaced is as follows:

3 cars over 70,000 miles
5 cars over 60,000 miles
2 cars over 55,000 miles

The net cost of replacing these 10 passenger motor vehicles is estimated at \$11,000, based on a net average of \$1,100 per vehicle.

The number of passenger motor vehicles in use by the Farmers' Home Administration has been reduced from 108 in the fiscal year 1948 to a total of 48 in 1950. One of these vehicles is assigned to the Washington Office for transportation of the Administrator and other personnel on official business. The remaining forty-seven are used by field personnel in the investigation of applications, making loans, rendering of farm and home management assistance to borrowers, and collecting and servicing loans under the various loan programs.

RURAL ELECTRIFICATION ADMINISTRATION

Summary of Appropriations, 1949 and Estimates, 1950

Item	Total estimated available, 1949	Budget estimates 1950	Increase (✓) or decrease (-)
Loans.....	\$400,000,000	\$350,000,000	\$ -50,000,000
Administrative expenses	a/ 6,019,000	6,063,000	44,000
Total	406,019,000	356,063,000	-49,956,000
Deduct authorization to borrow from Secretary of the Treasury	400,000,000	350,000,000	-50,000,000
Total direct annual appropriations	6,019,000	6,063,000	✓ 44,000

a/ Includes estimated supplemental appropriation for Pay Act costs and is adjusted for comparability with the appropriation structure proposed in the 1950 Budget Estimates

1 Loans

Appropriation Act, 1949, authorization to borrow from Secretary of the Treasury	\$400,000,000
Budget Estimate, 1950, authorization to borrow from Secretary of the Treasury	350,000,000
Decrease, 1950	<u>-50,000,000</u>

The recommended loan authorization of \$350,000,000, while \$50,000,000 less than is authorized for loans in the fiscal year 1949, will permit maintaining the high level of progress in rural electrification that has now been achieved.

Loan Funds: Notwithstanding that \$375,000,000 is expected to be loaned to borrowers in 1949, it is estimated that an unobligated balance of nearly \$120,000,000 will be carried forward to the fiscal year 1950. Thus, with the estimate of \$350,000,000, there will be available for loans in 1950 a total of about \$470,000,000 of which it is expected that \$450,000,000 will be put under loan contract during that year. This will be by far the largest amount in any fiscal year.

Advance of Funds: Funds loaned to borrowers are advanced only as needed to meet construction, labor, and material costs. Funds estimated to be advanced in 1949 amount to \$310,000,000 and in 1950 will amount to \$400,000,000, the largest advance in any one fiscal year. The construction program contemplated by these advances will result in an additional 160,000 miles of lines energized in 1950 compared with 145,000 miles in 1949, providing service to 495,000 new consumers in 1950 compared with 480,000 in 1949. Thus by the end of the fiscal year 1950, the REA financed systems will have energized about 971,000 miles of distribution lines providing electric service to approximately 3,239,000 rural consumers.

Problems: Difficulties confronting REA borrowers are numerous and increasing. Some of the more important are as follows:

1. Use of electricity by individual consumers is placing a considerable burden on the present capacity, necessitating expenditure of substantial sums in increasing capacity.
2. The shortage of power is really acute in many areas of the country, creating problems for the REA borrowers in supplying adequate power when needed. To meet these problems, REA is providing assistance to borrowers in securing additional sources of power and in making more efficient use of power now available.
3. In many states, the more thickly populated areas are well along toward complete electrification, and efforts in the future must be directed to electrifying the "thinner" areas and areas of difficult terrain. This requires closer planning and review in order that proposed lines may be deemed feasible, i.e., offer reasonable assurance of repayment of loans.

Accomplishment: In the years since REA was established (1935) the farms of the country receiving central station service have increased from about 10.7% to 68.6% as of June 30, 1948. However, there still remain to be electrified about 4,000,000 rural establishments.

Salaries and Expenses

Appropriation Act, 1949	\$5,450,000
Supplemental appropriation for 1949 (Second Deficiency Appropriation Act, 1948)	225,000
Anticipated Pay Act Supplemental, 1949	281,000
Transfer in 1950 Estimates from "Printing and binding, Department of Agriculture"	63,000
Base for 1950	6,019,000
Budget Estimate, 1950	6,063,000
Increase, 1950	<u>44,000</u>

SUMMARY OF INCREASES AND DECREASES, 1950

To provide additional funds for loan services in difficult areas	37,615
For additional engineering supervision and assistance in connection with the expanded construction program	32,102
Decrease resulting from a reduction in internal administrative services	-15,118
Decrease resulting from the closing of the Alaska Liaison Office	10,599

PROJECT STATEMENT

(Amounts Shown Include Pay Act Costs)

Project	1948	1949 (estimated)	1950 (estimated)	Increase or decrease
1. Project development and lending activities	\$ 1,023,151	\$ 1,286,270	\$ 1,323,885	37,615
2. Construction and technical operating assistance	1,154,180	1,589,643	1,621,745	32,102
3. Management assistance to cooperatives	724,815	869,350	869,350	- -
4. Auditing, loan accounting and collecting ...	1,047,089	1,204,562	1,204,562	- -
5. Technical standardization	154,770	183,451	183,451	- -
6. Internal administrative services	445,587	531,724	516,606	-15,118
7. General administration	323,198	354,000	343,401	-10,599
Total pay act costs	<u>7,054,887</u>	<u>7,351,780</u>	<u>7,364,728</u>	
Unobligated balance	182,097	- -	- -	- -
Total available	5,054,887	6,019,000	6,063,000	44,000 (1)
Transfer in 1950 estimates from "Printing and binding, Department of Agriculture"	-56,056	-63,000	- -	

(continued on next page)

Project	1948	1949 (estimated)	1950 (estimated)	Increase or decrease
Transferred to "Salaries and Expenses, Office of Information, Department of Agriculture"	1,169	- -	- -	
Anticipated pay act supplemental	- -	-281,000	- -	
Total appropriation or estimate	5,000,000	5,675,000	6,063,000	

(1) The net increase of \$44,000 composed of the following:

(a) An increase of \$37,615 for "Project development and lending activities," to provide for the additional workload involved in the \$450,000,000 lending program. This increase which is 2.9% over 1949 is urgently needed for the analysis of proposed loans in the Great Plains, Southwestern and Northwestern areas, which require 50 percent more time than loans in areas where rural electrification has already made greater progress.

(b) An increase of \$32,102, under the project "Construction and technical operating assistance," for increased engineering work resulting from expansion of construction work in progress. Over a billion dollars worth of rural electric facilities will be in various stages of construction in the fiscal year 1950, an amount which is 30% larger than in fiscal year 1949.

This increase which is 2.0% over 1949, is required for (2) review and approval of the design and construction of distribution lines and other facilities; (b) review of engineering plans and contracts for construction; (c) assistance to borrowers in obtaining materials; (d) inspection of completed construction before final approval is given.

(c) A decrease of \$15,118, under the project "Internal administrative services," resulting from reductions in these services.

(d) A decrease of \$10,599, under the project "General administration," resulting from the anticipated closing of the Alaska liaison office.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (deleted matter enclosed in brackets):

RURAL ELECTRIFICATION ADMINISTRATION

- To carry into effect the provisions of the Rural Electrification Act of 1936, approved May 20, 1936, as amended
- (7 U. S. C. 901-915 as amended by the Act of July 30, 1947 (Public Law 266)), as follows:

These changes deleting the words "approved May 20, 1936" and "as amended by the Act of July 30, 1947 (Public Law 266)," are proposed for the sole purpose of simplifying and shortening the wording of the item.

STATUS OF PROGRAM

Current Activities: REA borrowers, through REA financing and technical assistance are working to bring about the electrification of an estimated 4,073,000 farm and other rural dwellings that are still without central station service, and to keep pace with the growing demands for power created by the sharp increases in farm uses of electricity. Many of the unserved farms are in areas most difficult to electrify, which materially increases the complexity of the task of reaching and serving them. The size and scope of the current REA program is indicated by the following data:

1. Volume of Loan Applications at an all-time high. Borrowers are applying to REA for loan funds at the rate of \$41 000,000 a month. As of November 19, 1948, REA had applications on hand or in the field totaling about \$422,000,000, the highest on record, notwithstanding the fact that loans made during fiscal year 1948 totaled \$313,000,000, also the largest on record.
2. Load growth requires expanded system capacity. The average consumption on borrowers' lines continues to increase. From December 1946 through December 1947, power consumption per rural consumer (excluding commercial) increased 17 percent. The increase in usage by consumers connected before 1947 is actually much greater since 22 percent of the present consumers are new and are just beginning to build up their power usage. To accomodate this increased demand for power, nearly every loan made to an existing borrower now includes provision for "heavying up" or increasing the capacity of existing sections of borrowers' systems.
3. Widespread rural areas face acute power shortages. This has led to a sharply increased demand for funds to finance generation plants. The backlog of such applications currently is more than three times as large as it was a year ago. Before such loans are approved every effort is made to obtain power at reasonable rates from existing sources.
4. More efficient use of power urgent due to power shortage. Supplementing efforts to obtain adequate power sources and to increase the capacity of distribution facilities, borrowers are also being assisted in developing programs to help consumers obtain the most beneficial use of each KWH consumed. This assistance is accomplished through the use of a small number of agricultural engineers, and home electrification advisers, who help borrowers' employees, extension specialists, vocational-agriculture teachers and others in developing their electric use programs.

5. Rapid growth of rural power systems calls for specialized management service. The average REA borrower is now operating a business with an investment exceeding \$1,000,000 with power lines extending over 752 miles and serving 2,552 consumers; the number of consumers served by borrowers ranges from a few hundred to over 15,000. The borrowers, few of which have been in operation for more than 10 years, are facing formidable problems of general management, such as the necessity to set up cost-controlled procedures of maintenance for the 369,129 miles of line constructed before July 1942, and establishment of operating budgets which are adequate in spite of widely increased power costs and pay-rolls, and only slightly increased retail rates. In addition to safeguarding the Government's funds, assistance in these fields serves to foster efficient management under which electric service can be extended the maximum distance into thin areas. The assistance rendered by REA is selective in order that concentrated effort of the limited staff can be directed to those particular borrowers most in need of such assistance, as for instance those having difficulty in making interest and amortization payments.
6. Program security requires that borrowers function effectively as cooperatives. More than 90 percent of REA's borrowers are farmer cooperatives. Since co-ops whose members take an active interest in their co-op business are less likely to experience financial and operational troubles, borrowers are given assistance in the development of member education programs. An informed and active membership is essential to the stability and success of a cooperative and, hence, to the security of the Government's investment.

Selected Examples of Recent Progress and Operational Data:

1. Consumers connected sets new records. During the 12-month period ending June 30, 1948, REA borrowers built 119,375 miles of line to bring service to about 420,513 consumers, exceeding the previous high by 43 percent. This brought the total miles of energized lines operated by REA borrowers to 666,156 and the total consumers to 2,263,869. A still larger number of connections than in 1948 is expected for fiscal year 1949 when it is estimated 145,000 miles of line to serve 430,000 rural consumers will be built and energized.
2. Amount of loans approved exceeds previous year. Loans made during fiscal year 1948 amounted to about \$313,000,000 which was 18 percent greater than the highest previous year. Advances of loan funds during the year were about \$246,000,000. During fiscal year 1949, loans are expected to reach \$375,000,000 and advances to total about \$310,000,000.

3. Cumulative Loans and Repayment Data. Borrowers are making an excellent record in repaying their loans. Significant data, as of September 30, 1948, are as follows:

Cumulative total of loans	\$1,468,802,761
Cumulative total of advances	1,024,233,450
Principal due	82,956,410
Principal repaid	100,902,431
Advance payments (included in preceding item)	18,504,792
Interest due	75,708,492
Interest paid	75,128,230
Delinquent payments (overdue more than 30 days)	1,049,715

Delinquencies as of September 30, 1948, shown above are slightly less than those of September 30, 1947, notwithstanding an increase during the year of 25 percent in the amount of principal and interest due.

4. Greater share of responsibility transferred to borrowers. Continued progress is being made in transferring to borrowers every detail and responsibility they can assume without jeopardizing loan security, their own welfare, or full development of the area coverage program. For instance, the program, whereby cooperatives engage Certified Public Accountants for their audits, is being expanded from 66 in 1949 to 185 in 1950. Also illustrative are arrangements whereby groups of cooperatives employ consultants to make comprehensive rate and power source studies which would formerly have been done in large part by REA personnel.
5. Administration of program constantly improved. Every effort is being made to devise methods and effect additional economies that will enable the limited staff available to handle a program that has grown to more than three times its pre-war size. For instance, the development of a new manual for field auditors increased the standardization and simplification of audits making possible a 38 percent increase in the output of the audit staff.

The cumulative figures presented in the following tables show the progress of the rural electrification program since its inception in May 1935:

LOANS

Table No. I

Date	Total Net Loans All Purposes	Miles to be Constructed (Loan Estimate)	Consumers to be Served (Loan Estimate)
June 30, 1936	\$ 13,903,412	13,072	48,997
June 30, 1937	58,936,217	54,407	193,529
June 30, 1938	88,172,426	80,951	282,808
June 30, 1939	227,236,949	209,818	724,999
June 30, 1940	268,972,949	251,642	854,823
June 30, 1941	369,027,621	336,053	1,171,867
June 30, 1942	460,180,345	409,490	1,345,107
June 30, 1943	466,881,323	414,287	1,358,114
June 30, 1944	498,811,447	448,889	1,438,567
June 30, 1945	564,968,184	507,105	1,581,431
June 30, 1946	817,086,990	674,742	2,088,127
June 30, 1947	1,068,436,162	811,019	2,484,503
June 30, 1948	1,381,459,261	931,467	2,847,991

CONSTRUCTION

Table No. II

Date	Funds		Miles Energized	Consumers Connected	Total KWH	
	Advanced				Billed (Annual)	
June 30, 1936.....	\$ 823,262		400	693	a/	
June 30, 1937.....	11,864,836		8,000	19,611	a/	
June 30, 1938.....	60,040,810		41,736	104,528	a/	
June 30, 1939.....	122,337,824		115,230	268,000	a/	
June 30, 1940.....	221,287,287		232,978	549,604	a/	
June 30, 1941.....	296,395,142		307,769	779,561		566,422,777
June 30, 1942.....	354,616,010		369,129	981,193		893,461,286
June 30, 1943.....	369,152,582		381,747	1,041,821		1,460,460,571
June 30, 1944.....	387,630,670		397,861	1,152,031		1,791,607,706
June 30, 1945.....	427,566,738		424,072	1,287,347		2,066,121,706
June 30, 1946.....	514,819,844		474,837	1,549,057		2,185,149,697
June 30, 1947.....	704,905,701		546,781	1,843,351		2,861,024,042
June 30, 1948.....	951,141,658		666,156	2,263,869		4,016,273,673

a/ Not available.

The 931 borrower systems actually in operation in June 1948 distributed during 1948 approximately 4,016,000,000 kilowatt hours of electric power for which consumers paid over \$130,000,000. The average wholesale rate for electric power purchased by Rural Electrification Administration borrowers is shown in the following tabulation:

AVERAGE WHOLESale RATE

Table No. III

Fiscal Year	Rate Per KWH (Cents)	Fiscal Year	Rate Per KWH (Cents)
1939.....	1.21	1944.....	0.84
1940.....	1.09	1945.....	0.82
1941.....	1.00	1946.....	0.88 a/
1942.....	0.94	1947.....	0.87
1943.....	0.83		

a/ The increase in 1946 is due to a decrease in a large wartime industrial load.

The following table presents averages for REA-financed systems by age groups, based on average age of the miles of distribution line comprising the systems. The development of these systems with increased operating experience is illustrated by the trends shown. It will be noted that on the average, as the systems become older, there is an increase in the number of consumers connected per mile of line, the average monthly energy consumption, and revenue per mile, and a decrease in the proportion of consumers paying minimum bills.

OPERATING STATISTICS OF REA-FINANCED SYSTEMS BY AGE GROUPS
MEDIAN, DECEMBER 1947

Table IV

As of December 1947

Age Class (Months)	Average Age (Months)	Systems Included	Consumers Per Mile	KWH Per Residential Consumer	Revenue Per Mile	Percent Minimum Bills
1-36	16	110	2.56	89	13.83	22
37-48	43	89	2.91	77	13.07	23
49-60	56	128	2.97	86	14.40	22
61-72	67	205	3.08	97	15.16	19
73-84	78	169	3.23	125	18.18	16
85-96	90	102	3.51	148	20.50	13
97 and over	105	52	4.00	174	25.69	11
Total	67	855	3.15	105	16.50	18

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS

Item	Obligations 1948	Estimated Obligations 1949	Estimated Obligations 1950
<u>Working Fund Agriculture, Rural</u>			
<u>Electrification Administra-</u>			
<u>tion</u>			
Special allowances to employ-			
ees incident to their return			
to Washington, D. C. from St.			
Louis, Missouri	\$2,099	- -	- -
<u>Penalty Mail Costs (Allotment to</u>			
<u>Rural Electrification Admin-</u>			
<u>istration): For cost of pen-</u>			
<u>alty mail as required by the</u>			
<u>Act of June 28, 1944 (39</u>			
<u>U. S. C. 321 d)</u>	18,000	- -	- -
<u>TOTAL, OBLIGATIONS UNDER SUPPLE-</u>			
<u>MENTAL FUNDS</u>	20,099	- -	* -

FEDERAL CROP INSURANCE CORPORATION

The Federal Crop Insurance Corporation offers "all-risk" insurance on wheat, cotton, flax, corn, tobacco, and beans in a limited number of counties. In addition to these individually insured commodities, oats, barley, peanuts, and soybeans are included in multiple-crop insurance programs offered in diversified farming areas.

Both commodity and monetary coverage are available in practically all insurance programs. Commodity insurance guarantees production in bushels or pounds of the commodity, and is being used as the higher coverage type designed to provide protection approximating the investment in the crop. Monetary insurance, guaranteeing an amount in dollars based on a fixed price, is a lower premium and lower coverage type offered to farmers who feel they can absorb greater losses but require protection for out-of-pocket costs.

The 175,000 contracts in force in crop year 1948 will provide an estimated premium income of \$13,078,000 from which an estimated \$7,399,000 will be paid in indemnities. The net gain for fiscal year 1949, including all insurance operations, will be \$5,839,000. The estimated net gain of \$1,707,000 in fiscal year 1950 is based on the assumption that 90 percent of the premiums earned will be paid out in indemnities. The premium income from the 209,500 contracts in force for crop year 1949 is estimated at \$15,602,000 and indemnities at \$14,042,000.

A summary of insurance operations is as follows:

	Fiscal Years	
	1949	1950
Net capital at beginning of year.....	\$29,814,983	\$35,654,033
Additions to capital during the year:		
Insurance premiums.....	13,078,000	15,601,700
Sales of commodities.....	6,512,925	- -
Interest income.....	225,000	225,000
Total capital available for insurance operations during year.....	<u>49,630,908</u>	<u>51,480,733</u>
Deductions from capital during year:		
Insurance indemnities.....	7,398,560	14,041,530
Cost of commodities sold.....	6,512,925	- -
Provision for estimated bad debts.....	65,390	78,000
Total deductions from capital.....	<u>13,976,875</u>	<u>14,119,530</u>
Net capital at end of year.....	<u><u>35,654,033</u></u>	<u><u>37,361,203</u></u>

The Corporation is charged with the responsibility of developing sound bases for future national insurance programs. A basic amount of experience is necessary in order to fulfill this objective. To gain such experience, insurance operations for all major crops in the various areas should have a minimum participation level of from 35 to 50 percent of the farmers in those areas. The present participation level is as follows:

<u>Commodity</u>	<u>Percent of Eligible Farms Insured</u>
Wheat	37
Cotton	13
Flax	35
Corn	20
Tobacco	35
Bean	26
Multiple Crop	16

To increase the participation level and gain additional operating experience, the Corporation intends to improve its sales technique, develop additional types of insurance programs, further refine premium rates to more nearly reflect operating experience, expand the use of both the continuous type contract and the multiple crop policy, and add new commodities to the program.

Administrative and Operating Expenses

Appropriation Act, 1949	\$3,725,000
Reappropriation of 1948 Unobligated Balance	588,101
Anticipated Pay Act Supplemental, 1949	<u>168,000</u>
Base for 1950	\$4,481,101
Budget Estimate, 1950	<u>4,054,000</u>
Decrease, 1950	<u><u>-\$427,101</u></u>

NOTE: The net decrease of \$427,101 is on a total available funds basis, and results from the availability in fiscal year 1949 of a 1948 unobligated balance of \$588,101 which the Congress continued available to complete work on the 1947 and prior year programs. On a direct appropriation basis, the Budget proposes an increase of \$161,000 in the fiscal year 1950. The following statement shows the distribution of funds by projects, indicating, separately, the decrease of \$588,101 in funds available for "clean-up" work, and the increase of \$161,000 for current program activities.

Increases and Decreases Distributed Between "Clean-up" Work on the 1947 and Prior Year Crops, and Current Program Activities

	: 1949 estimated		: 1950	: Increase or Decrease		
	: "Clean-	: Current	: estimated	: "Clean-	: Current	: Net
	: up"	: Program		: up"	: Program	
1. Field Administra-	:	:	:	:	:	:
tion.	:	:	:	:	:	:
Field Supervision	: \$196,352	: \$ 485,645	: \$ 543,220	: -\$196,352	: \$ 57,575	: -\$138,777
Coverage and rates	:	:	:	:	:	:
analysis and re-	:	:	:	:	:	:
vision.....	: --	: 140,500	: 115,575	: --	: 24,925	: 24,925
Field contract	:	:	:	:	:	:
servicing.....	: --	: 503,375	: 723,725	: --	: 220,350	: 220,350
Commissions.....	: --	: 505,750	: 346,125	: --	: 159,625	: 159,625
Premium Collec-	:	:	:	:	:	:
tions.....	: 224,222	: 175,000	: 209,500	: 224,222	: 34,500	: 189,722
Crop inspections	:	:	:	:	:	:
and loss adjust-	:	:	:	:	:	:
ments.....	: 49,813	: 669,200	: 798,490	: 49,813	: 129,290	: 79,477
Contract servicing	:	:	:	:	:	:
and program ac-	:	:	:	:	:	:
counting in	:	:	:	:	:	:
branch office...	: 59,628	: 533,600	: 547,520	: 59,628	: 13,920	: 45,708
Total field admin-	:	:	:	:	:	:
istration.....	: 530,015	: 3,013,070	: 3,284,155	: 530,015	: 271,085	: 258,930
	:	:	:	:	:	:
2. General adminis-	:	:	:	:	:	:
tration.....	: --	: 719,930	: 769,845	: --	: 49,915	: 49,915
3. Hedging opera-	:	:	:	:	:	:
tions.....	: --	: 160,000	: --	: --	: 160,000	: 160,000
4. Unobligated bal-	:	:	:	:	:	:
ance.....	: 58,086	: --	: --	: 58,086	: --	: 58,086
	:	:	:	:	:	:
Total estimate...	: 588,101	: 3,893,000	: 4,054,000	: 588,101	: 161,000	: 427,101

SUMMARY OF INCREASES AND DECREASES, 1950
(on the basis of available funds)

Decrease due to completion of activities connected with the 1947 and prior crop year programs -\$588,101
Decrease due to non-recurring expense of hedging operations..... - 160,000
To sell and service additional contracts in areas where the program is in operation; to properly administer the premium collection and loss adjustment phase of the 1949 crop year program; and to provide cost-of-production data and farming-practice data..... / 321,000

PROJECT STATEMENT
(Reflecting available funds)
(Amounts shown include Pay act costs)

Project	1948	1949 (estimated)	1950 (estimated)	Increase or decrease
1. Field administration:				
Field supervision.....	\$ 875,247	\$ 681,997	\$ 543,220	-\$138,777
Coverage and rates analysis: and revision.....	139,775	140,500	115,575	-24,925
Field contract servicing...	333,173	503,375	723,725	220,350
Commissions.....	331,863	505,750	346,125	-159,625
Premium collections.....	248,405	399,222	209,500	-189,722
Crop inspections and loss adjustments.....	853,811	719,013	798,490	79,477
Contract servicing and program accounting in branch office.....	758,025	593,228	547,520	-45,708
Total field administration.	3,540,299	3,543,085	3,284,155	-258,930(1)
2. General administration....	699,194	719,930	769,845	49,915(2)
3. Hedging operations.....	172,406	160,000	--	-160,000(3)
Total pay act costs.....	<u>4,411,899</u>	<u>4,423,015</u>	<u>4,054,000</u>	
Unobligated balance.....	--	58,086	--	- 58,086(4)
Total Available.....	<u>4,411,899</u>	<u>4,481,101</u>	<u>4,054,000</u>	<u>-427,101</u>
Anticipated pay act supple- mental.....	--	- 168,000	--	
Balance, 1948, reappropriated: in 1949	588,101	- 588,101		
Total estimate or appropriation.....	<u>5,000,000</u>	<u>3,725,000</u>	<u>4,054,000</u>	

INCREASES AND DECREASES

The net decrease of \$427,101 in this item for 1950 consists of the following:

(1) A net decrease of \$258,930 under the project "Field administration" composed of:

(a) A decrease of \$530,015 due to completion of the activities connected with the clean-up of the 1947 and prior crop year programs. These activities are concerned with the national program and consist primarily of collecting premiums in areas where the program can no longer be offered. They were financed by reappropriation of the 1948 unobligated balance.

(b) A net increase of \$271,085 to provide for additional contracts in areas where the program is in operation, to properly administer the premium collection and loss adjustment phases of the 1949 crop year program, and to provide cost-of-production data and farming practice data.

The above increases and decreases in "Field administration" are reflected in the following insurance activities:

Field supervision: The net decrease of \$138,777 in state office work results from a decrease of \$196,352 in clean-up activities and an increase of \$57,575 in regular work to provide for an estimated increase in clerical workload of 27,600 contracts, or about 13 percent. The Corporation conducts its field activities in administering the crop insurance programs through 29 state offices. Each office is headed by a state director who is assisted by a clerk and, on the average, one supervisor for each 15 counties. Since the workload in each office will expand as participation increases it is essential that part-time help be made available to process seasonal peaks of sales and loss adjustment work.

Coverage and Rates Analysis and Revision: A decrease of \$24,925 for activities involved in reviewing and adjusting the coverages and rates offered under the various crop insurance programs to reflect current experience. The complete survey of counties in the program will be completed in the fiscal year 1949. However, it is necessary to rework the assembled data for some counties and to conduct new surveys of counties selected to replace those not qualifying.

The amendment to the crop insurance act (Public Law 320, dated July 29, 1947) directs the Corporation to offer insurance coverage not to exceed the investment in the crop. To conform with this requirement, the Corporation must have adequate cost of production and farming practice data. The need for this data is exceptionally urgent during a period of wide price fluctuations which necessitate adjustments in levels of coverages to avoid over-insurance. The acreage and production data need to be refined to a much greater extent in order that potential liability may be measured in line with cultural practices currently being carried out. This data must be obtained at the farm level, and will be secured on a contractual basis either with other governmental agencies or county organizations at an estimated cost of \$50,000.

The estimated workload and cost is as follows:

	Average Cost	Fiscal Year 1949		Fiscal Year 1950		Increase or Decrease
		Counties	Cost	Counties	Cost	
County Survey Work:						
Reworking of assembled data	\$500	40	\$20,000	40	\$20,000	\$ - -
New surveys on:						
Wheat counties	300	90	27,000	- -	- -	-27,000
Corn counties	750	30	22,500	- -	- -	-22,500
Cotton counties	750	5	3,750	- -	- -	-3,750
Tobacco counties	1,500	3	4,500	- -	- -	-4,500
Bean counties	1,000	8	8,000	- -	- -	-8,000
Flax counties	300	5	1,500	- -	- -	-1,500
Multiple crop counties ...	1,000	6	6,000	- -	- -	-6,000
Survey of counties to replace those not qualifying	877	17	14,900	13	11,400	-3,500
Total county survey work ...		204	108,150	53	31,400	-76,750
Rate Analyst Staff			32,350		34,175	+1,825
Cost of production and farming practice data			- -		50,000	+50,000
Total coverage and rate work			<u>\$140,500</u>		<u>\$115,575</u>	<u>\$-24,925</u>

Field Contract Servicing: There is an increase of \$220,350 in the costs of servicing contracts at the county level. This activity covers sales promotion, processing of applications, collection of acreage reports, and general servicing of contracts in force at the county level and is performed by Production and Marketing Administration County Associations on a reimbursable basis. In the counties which did not sign agreements for fiscal year 1949, it has been necessary for the Corporation to set up its own administrative offices. The Corporation also has supervisory agreements with states in which counties sign agreements.

The cost of this service is estimated as follows:

	Fiscal Year 1949			Fiscal Year 1950			Increase or Decrease
	Quantity	Unit Cost	Cost	Quantity	Unit Cost	Cost	
1. State and D. C. Compensation							
a. D. C.....	1	\$8,000.00	\$8,000	1	\$8,000.00	\$8,000	--
b. States in program....	40	500.00	20,000	40	500.00	20,000	--
c. Counties in program....	411	200.00	82,200	411	200.00	82,200	--
Total.....			110,200			110,200	
2. County Compensation							
a. Flat rate.....	411	350.00	143,850	411	350.00	143,850	--
b. Service rate on contracts in force..	175,000	.50	87,500	209,500	1.00*	209,500	\$+122,000
c. Applications processed	144,500	.25	36,125	92,300	.25	23,075	-13,050
d. Acreage reports.....	209,500	.60	125,700	237,100	1.00*	237,100	+111,400
Total.....			393,175			613,525	
Total Field Contract Servicing			503,375			723,725	\$+220,350

* The increase in the unit cost for service rate and acreage reports in 1950 results from the increase in the number of continuous contracts in force. The County Associations have considered the commission earnings as providing part of service costs for the year in which the contract was sold. Continuous contracts earn commissions only in the first year, therefore additional service fees must be provided in subsequent years.

Commissions: A decrease of \$159,625 in the amount required for commissions results from using the continuous type of contract which permits a carryover of contracts in force. Commission costs, consisting of a flat rate plus a percentage of premiums earned, vary from a minimum of \$2.00 to over \$50.00. The use of the continuous type of contract is eliminating as sales prospects those farmers that have not required considerable sales effort. This requires a greater incentive to salesmen to sell additional contracts. The estimated average commission for 1950 is \$3.75 per contract. Estimated sales and contract workload are indicated on Table 1.

To attain the desired experience, the participation goal per county is being increased to the extent deemed necessary to be representative of the insurance risk involved in the counties having a program.

Premium Collections: The net decrease of \$189,722 consists of a \$224,222 decrease in clean-up activities and an increase of \$34,500 to collect crop year 1949 premiums. It is estimated that there will be 175,000 crop year 1949 premiums to collect in fiscal year 1949 and 209,500 crop year 1949 premiums to collect in fiscal year 1950. The Corporation is continuing the incentive collection plan adopted last year. The highest rate that can be earned by the County Association is \$1.00 per premium collected. Past experience has shown that all associations do not earn the maximum rate because many of them do not collect in excess of 98 percent of the premiums required to earn the \$1.00 rate. However, the Corporation must provide for payment at the maximum rate since it costs considerably in excess of the maximum to send out special collectors for delinquent accounts.

Crop Inspections and Loss Adjustments: The net increase of \$79,477 consists of a decrease of \$49,813 in clean-up activities and an increase of \$129,299 in regular work to provide crop inspections and loss adjustment service for 34,500 additional contracts. Loss adjustment activities cover more than the final adjustment of actual losses. In many cases farmers report early losses which require inspection by a loss adjuster, but when the crop is harvested it often develops that production is sufficient to make payment of an indemnity unnecessary. In other cases loss claims submitted by farmers are determined to be no loss under the contract after a check by an adjuster. The Corporation also requires inspection of growing crops to check conformance with approved farming practices. Since inspection or loss adjustment services are performed for most contracts in force, costs are spread over all contracts rather than to those resulting in payment of an actual loss. This service has averaged about \$3.50 per contract in force and is estimated to be performed for 175,000 contracts in 1949 and 209,500 contracts in 1950.

Contract Servicing and Program Accounting in Branch Office: The net decrease of \$45,798 in the branch office results from a \$59,628 decrease in clean-up activities and an increase of \$13,920 to provide for the cost of functions relating to the 27,600 increase in contracts in force and a 34,500 contract increase in accounting records.

Table 1. Sales and Contract Workload

Commodity	Crop Year 1949					Crop Year 1950				
	Carryover: :From 1948:	Sales :	In Force: :	No. of :Counties:	Avg. Per :County	Carryover: :From 1949:	Sales :	In Force: :	No. of :Counties:	Avg. Per :County
Wheat	36,000:	54,000:	90,000:	200	450	70,000	34,000*	104,000:	200	520
Cotton	15,000:	18,600:	33,600:	56	600	28,800	11,800	40,600:	56	725
Flax	14,000:	6,000:	20,000:	50	400	16,000	6,500	22,500:	50	450
Corn	--	25,000:	25,000:	50	500	5,000	20,000	25,000:	50	500
Tobacco	--	31,500:	31,500:	35	900	25,000	10,000	35,000:	35	1,000
Multiple	--	3,760:	3,760:	8	470	--	4,000	4,000:	8	500
Bean	--	5,640:	5,640:	12	470	--	6,000	6,000:	12	500
Total	65,000:	144,500:	209,500:	411		144,800	92,300	237,100:	411	

* Of the wheat sales, approximately 20,000 represent replacement of three year contracts which expired with crop year 1949.

(2) An increase of \$49,915 to provide for additional developmental and general administrative service costs connected with the expanding program and for rent in the District of Columbia.

Program development and actuarial work are performed mainly in the headquarters office. The 1950 plans include the development of various types of insurance programs for the present commodities. Additional general administrative and service costs will be incurred because of the expansion of program accounting activities, the securing of improved cost data, and the extension of the scope of internal audit. Section 306 of Public Law 268, approved July 30, 1947, requires the Corporation to pay into the U. S. Treasury the estimated cost of rental on space occupied in the District of Columbia; the estimated rental on such space in 1950 is \$19,000.

(3) A decrease of \$160,000 due to the elimination of commodity purchase and storage expenses as a result of using fixed-price contracts.

The use of the fixed-price contract in which premiums and indemnities are computed on the same price basis enables the Corporation to pay indemnities immediately upon approval of the claims. In the past, indemnity certificates in terms of commodities were issued and could be presented by the farmer at a future date. The cash equivalent of premiums, initially stated in terms of commodities, was computed at one price. Indemnities determined at a later date were computed at another price. This necessitated the use of hedging operations to eliminate the risk in price fluctuations between premium maturity dates and the payment of indemnities. The amendment to the Act in 1947 permitted the adoption of the fixed-price basis and eliminated the provisions requiring hedging operations.

(4) A decrease of \$58,086 representing the estimated unobligated balance of funds appropriated for the completion of the 1947 and prior crop year programs and which will not be needed for that purpose.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

- 1 Operating expenses: For operating and administrative expenses, [\$3,725,000,] including a health service program as authorized by law (5 U.S.C. 150), and not to exceed \$700 for newspapers, [together with the unobligated balance
- 2 of the appropriation for this purpose for fiscal year 1948 which shall be available to complete the orderly liquidation of the 1947 and prior crop year programs] \$4,054,000.

The first change is proposed to permit the Federal Crop Insurance Corporation to make expenditures for first aid, emergency and other employee health services. Similar authority for activities in the Department, other than those of corporations, is carried in Section 5 of the General Provisions of this Bill.

The second change is proposed to delete the authority to use the unobligated balances for fiscal year 1948 to complete liquidation of prior crop year programs. Retention of this language will not be necessary as liquidation activities are expected to be completed during fiscal year 1949.

STATUS OF PROGRAM

Current Activities: The 1949 program is a continuation and refinement of the 1948 program, and encompasses among other activities the following:

1. Extension of the Insurance Program to a Larger Number of Counties

This is desirable in order to obtain the maximum insurance experience by areas.

<u>Commodity</u>	<u>Number of Counties</u>	
	<u>1948</u>	<u>1949</u>
Wheat	200	200
Cotton	53	56
Flax	48	50
Corn	36	50
Tobacco	32	35
Bean	4	12
Multiple	2	8
Total	<u>375</u>	<u>411</u>

No new commodities are being added as separately insured crops for the crop year 1949. However, barley, peanuts, and soybeans will be included in the multiple crop areas.

2. Further Refinement of Actuarial Data to Adjust Rates and Coverages to Reflect the Risk Involved in the Various Areas

Seven rate analysts are stationed throughout the country to supervise (a) the reworking of actuarial data in about 40 counties and (b) a complete study and analysis of data for 57 counties not previously surveyed. This new work covers the following commodities:

<u>Commodity</u>	<u>No. of Counties</u>
Corn	20
Cotton	5
Tobacco	3
Wheat	10
Bean	8
Flax	5
Multiple	<u>6</u>
Total	57

3. Completing the Liquidation of the 1947 and Prior Crop Year Programs

The inability of the Corporation to obtain qualified personnel prevented the completion of this activity by June 30, 1948. It is anticipated that the Corporation will be able to complete this work in a thorough and business-like manner in 1949 in accordance with the provisions of the Agricultural Appropriation Act for fiscal year 1949 which made unobligated balances from the fiscal year 1948 appropriation available for this purpose.

4. Conducting Own Program in 31 Counties

The local program in the counties is normally conducted through agreement with the County Agricultural Conservation Associations. In the fiscal year 1949, thirty-one County Associations did not sign agreements, thus necessitating the setting up of Corporation offices in 9 tobacco, 6 wheat, and 16 cotton counties.

5. Discount Provision Operative on all Commodities

Corn farmers were allowed a 5 percent discount in 1948 for paying their premium by an early specified date. This incentive resulted in such a substantial number of early payments that it is being extended in 1949 to all counties having wheat, corn, flax, bean, and multiple crop insurance and to a few counties having tobacco and cotton insurance.

Examples of Recent Progress:

1. Use of the Continuous Type of Contract Aids in Increasing Participation

The best insurance experience is obtained from the greatest possible participation. The continuous type contract, first offered on cotton in the crop year 1946, materially aids in increasing participation by enabling the Corporation to expend its sales efforts to bring additional farmers into the program. This gives a working base on which to expand each year rather than starting anew. There were approximately 40,000 continuous contracts sold on wheat, cotton, and flax in the crop year 1948, the bulk of which will remain in force in the crop year 1949. Not only is participation increased, but the administrative cost of commissions is reduced, since commissions apply only to the first year of the contract. The use of the continuous type policy aids in developing the farmer attitude towards long range protection rather than a year to year protection.

2. Bean Insurance Highly Accepted by Farmers

Dry edible beans were added to the insurance program in the crop year 1948. While complete operating results are not yet available, current information indicates that they will be good. The reaction of farmers to bean insurance has been very favorable. The fact that this is a hazardous crop, and also constitutes the major source of income wherever produced, makes insurance highly desirable.

During the first year, approximately 26 percent of the eligible farmers participated in the program.

3. Multiple Crop Policy Benefits Both the Farmer and the Corporation

The multiple crop policy was introduced in the crop year 1948 to protect farmers producing several insurable crops, none of which alone constituted the major source of agricultural income in the county. The farmer also benefited from lower premium rates as a result of combining all of the crops designated as insurable to determine the individual farm coverage. A loss occurs only when the total production of the insured crops does not equal the combined coverage. This feature of the policy spreads the Corporation's risk, and present indications are that losses on the 1948 policies will be few.

4. Farm Classification Reduces Insurance Risk

The 1948 actuarial work was concerned mainly with adjusting coverages and rates to reflect differences in productivity and risks. In the past, the major part of the losses has occurred in extremely high risk areas. The purpose of part of the 1948 program was to declare certain lands and farming practices uninsurable and thereby eliminate most of the excessive and unreasonable risks. A summary of this activity follows:

<u>Commodity</u>	<u>No. of Counties</u>	<u>Percent of Acreage Uninsurable</u>	<u>Number of Ineligible Producers</u>
Wheat	200	2.6	1,979
Cotton	56	6.0	1,623
Flax	48	.5	450
Corn	38	8.2	156
Tobacco	33	1.7	538

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS

Item	Obligations, 1948	Estimated obligations, 1949	Estimated obligations, 1950
Penalty Mail Costs, Department of Agriculture (Allotment to Federal Crop Insurance Corpo- ration):			
For cost of penalty mail			
pursua nt to Section 2, Public			
Law 364, 78th Congress	\$32,595	- -	- -
TOTAL, OBLIGATIONS UNDER SUPPLE-			
MENTAL FUNDS	32,595	- -	- -

WORKING FUNDS, AGRICULTURE, GENERAL

The budget schedule reflects working funds advanced from various Departments or agencies of the Federal Government to the Department of Agriculture under Section 601 of the Economy Act, as amended, in payment for services rendered or supplies furnished.

Funds thus advanced are made available to Bureaus within the Department of Agriculture by allotment in amounts shown in this schedule under the heading "Schedule of Allotments". Descriptions of the work performed for other departments and agencies in accordance with these working fund advances are included in the "Statement of Obligations Under Supplemental Funds" provided in each agency's section of the Explanatory Notes.

CLAIMS, JUDGMENTS, AND PRIVATE RELIEF ACTS

This item covers claims of \$151,660 involving the Department of Agriculture during the fiscal year 1948 which were approved by the Congress in various deficiency and supplemental appropriation acts. They may be classified as follows:

- (1) Judgments, United States Courts—for the payment of the final judgments, including costs of suits, which have been rendered under the provisions of the Act of March 3, 1887, entitled "An Act to provide for the bringing of suits against the Government of the United States", as amended by section 297 of the Act of March 3, 1911 (28 U.S.C. 761-765), and which have been certified to the Congress.
- (2) Judgments, United States Court of Claims—for payment of the judgments rendered by the Court of Claims and reported to Congress as authorized by Act of March 3, 1911 (28 U.S.C. 254-257), as amended.

PAYMENTS FROM PROCEEDS OF SALES, MOTOR-PROPELLED VEHICLES, ETC., DEPARTMENT OF AGRICULTURE

Under the Act of August 2, 1946 (5 U.S.C. 118d-1) proceeds of sales of vehicles, equipment, accessories, and other items, the exchange of which is authorized by law, may be applied in whole or in part payment for the purchase of similar items. Receipts from this source are set up in a special appropriation account, available for the fiscal year in which the obligation to purchase the new equipment is incurred. Any unobligated balance at the close of the fiscal year is subsequently deposited into the Treasury as miscellaneous receipts.

The total funds available to the Department under this account are as follows:

1948 — Total available for	
obligation	\$2,273,646
Unobligated balance...	85,647
Total obligations	2,187,999
1949 — (estimated available).	816,300
1950 — (estimated available).	615,400

MISCELLANEOUS CONTRIBUTED FUNDS, DEPARTMENT OF AGRICULTURE

The total appropriations or estimates of the Department under this trust account are as follows:

1948	\$285,687
1949 (estimated)	289,075
1950 (estimated)	243,600

This item covers funds received or estimated to be received by the Department of Agriculture from private individuals or organizations and from State or local government organizations for carrying out certain cooperative agreements between such individuals or organizations and the Department in connection with its activities, as authorized by law, primarily the Act of May 15, 1862 (5 U.S.C. 511) establishing the Department of Agriculture (as further implemented by the Act of July 24, 1919 (5 U.S.C. 67,563)). These funds are deposited in the Treasury of the United States and made available to the Department for expenditure under applicable cooperative agreements. The amounts for 1949 and 1950 are approximate and preliminary only, since it is difficult to estimate accurately what the total receipts from these sources will be in any given year.

A distribution of this fund by bureaus is reflected in the Budget schedules of individual bureaus and offices.

Following are a few examples of the types of agreements entered into by the Department and financed by contributed funds:

Cooperatives in California, Idaho, and other Western States	For cooperative white pine blister rust control
California Planting Cotton Seed Distributors of Bakersfield, California	For cooperative cotton seed investigations
Beet Sugar Development Foundation, Fort Collins, Colorado	For the testing of insecticides to control insects affecting sugar beets grown for seed

RETURN OF EXCESS DEPOSITS FOR REPRODUCTIONS OF
PHOTOGRAPHS, MOSAICS, AND MAPS

This trust account has been established to refund to farmers and others any excess amounts deposited into the Treasury for the purchase of aerial or other photographs, mosaics, and maps which have been obtained in connection with the authorized work of the Department. The Department is authorized to sell these reproductions (at not less than their estimated cost) by the Act of February 16, 1938 (7 U.S.C. 1387). Funds received for the purchase of such reproductions are deposited into the Treasury. When the actual cost has been determined, the amounts deposited in excess of such costs are refunded to the purchasers from this account. The total appropriations or estimates for such refunds are as follows:

1948	\$1,119
1949 (estimated)	900
1950 (estimated)	1,000

A distribution of the funds by bureaus is reflected in the Budget schedules of individual bureaus and offices.

UNCLAIMED MONEYS OF INDIVIDUALS
WHOSE WHEREABOUTS ARE KNOWN

This account was established under authority of the Permanent Appropriation Repeal Act, approved June 26, 1934 (31 U.S.C. 725s), to provide for refunding small sums representing excess repayments (of less than one dollar) on loans. Such amounts are covered into this trust fund and held until claims are made therefor by the borrowers. The total appropriations or estimates for such refunds are as follows:

1948	\$2,763
1949 (estimated)	1,000
1950 (estimated)	1,000

A distribution of the funds by bureaus is reflected in the Budget schedules of the individual bureaus.

THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT

PHYSICS 231

LECTURE 1

LECTURE 2

LECTURE 3

GENERAL PROVISIONS

Section 2: The purpose of this section is to impose certain requirements relating to loan activities of the Regional Agricultural Credit Corporation of Washington, D. C. and to enable the Secretary to authorize the Corporation to re-enter an area or region where an economic or production disaster has occurred, in conformity with the provisions of section 201(e) of the Emergency Relief and Construction Act of 1932, as amended.

Section 3: This section relates to the purchase of passenger motor vehicles for the Department outside the District of Columbia. This section limits the total acquisition of such vehicles by the Department of Agriculture to the number indicated for purchase in the passenger motor vehicle statements in the Budget. It is proposed to insert the word "authorizations" and to substitute the word "Act" for "title", for the purpose of making this section applicable to corporation items in Title II of the Bill.

Section 4: This section provides for certain exceptions in the Department of Agriculture to the prohibition contained in the Independent Offices Appropriation Act against the employment of aliens.

Section 5: This section authorizes expenditures from appropriations contained in the Agricultural Appropriation Act for health service programs authorized by the Act of August 8, 1946 (Public Law 658) including the continuation of existing emergency rooms until an adequate health service program can be developed for all employees of the Department.

Section 6: This section authorizes the Department to pay awards, compromises, or settlements pursuant to the Federal Tort Claims Act (Title IV of the Legislative Reorganization Act of 1946, Public Law 601, approved August 2, 1946), from applicable appropriations or other funds, exclusive of funds appropriated or authorized in the Government Corporations Appropriation Act. The changes in the language of this section is for the sole purpose of revising the citations to the Act of August 2, 1946.

Section 7: This section continues the restriction against the employment of persons who are members of an organization of Government employees who assert the right to strike against the Government of the United States, or who advocates, or who are members of an organization that advocates the overthrow of the Government.

Section 8: This section continues the language providing that limitations on amounts expended for personal services under appropriations in the Agricultural Appropriation Act shall not apply to lump-sum leave payments pursuant to the Act of December 21, 1944.

Section 9: This new section provides that the appropriations, funds, and authorizations available to the Department may be used for printing and binding. Inclusion of printing and binding authority for the Department in the General Provisions is requested in accordance with the proposal in the 1950 estimates that the Printing and Binding fund be discontinued, and that printing and binding costs be paid from the research and program -

appropriations to which such work is applicable. Discontinuance of the Printing and Binding fund is made necessary by reason of new regulations of the Joint Committee on Printing which redefine printing to include reproduction by various duplicating-type machines and related services not heretofore considered printing.

FARM CREDIT ADMINISTRATION

(a) Salaries and Expenses

Appropriation Act, 1949:

Direct appropriation.....	\$500,000	
Assessments against constituent agencies.....	<u>2,260,400</u>	\$2,760,400
Anticipated Pay Act supplemental, 1949:		
Direct appropriation.....	26,500	
Assessments against constituent agencies.....	<u>15,600</u>	<u>42,100</u>
Base for 1950.....		2,802,500
Budget estimate, 1950:		
Direct appropriation.....	500,000	
Assessments against constituent agencies.....	<u>2,294,000</u>	
Total estimated available, 1950.....		<u>2,794,000</u>
Decrease, 1950 (due to partial absorption of pay act costs).....		<u><u>-8,500</u></u>

PROJECT STATEMENT BY SOURCE OF FUNDS

The Farm Credit Administration obtains its administrative expense funds from two principal sources: (a) by direct appropriation and (b) by assessment against corporations operating within the Farm Credit Administration structure. The following statement sets forth a comparison of funds, by source, including Pay Act costs:

Source	1948	1949	1950	Increase or decrease
		(estimated)	(estimated)	
1. Direct appropriation.....	\$561,000:	\$500,000:	\$500,000:	- -
Anticipated pay act supplemental.....	- -:	26,500:	- -:	-\$26,500
2. Amount chargeable against corporations within FCA structure.....	2,109,022:	2,260,400:	2,294,000:	+33,600
Anticipated additional charges for Pay Act costs..	- -:	15,600:	- -:	-15,600
3. Transferred to "Salaries and Expenses, Office of Information, Department of Agriculture".....	-344:	- -:	- -:	- -
4. Reimbursement for other services performed.....	104,973:	- -:	- -:	- -
5. Total pay act costs.....	[- -]:	[168,100]:	[164,400]:	
Total available.....	2,774,651:	2,802,500:	2,794,000:	-8,500
Less: Unobligated balance, estimated savings.....	-46,345:	:	:	
Total obligations.....	<u>2,728,306:</u>	<u>2,802,500:</u>	<u>2,794,000:</u>	<u>-8,500(1)</u>

Note: Estimate for direct administrative expenses of the Central Bank for Cooperatives previously included in "Salaries and Expenses, Farm Credit Administration," has been excluded from the 1950 estimate. For comparability the obligations for the fiscal year 1948 amounting to \$131,256 and estimated at \$145,900 fiscal year 1949 have been omitted from the above statement.

(1) Decrease of \$8,500 due to partial absorption of pay act costs, which will be met by adjustments in general operating expenses.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

- "* * * supervised, or regulated by the Farm Credit Administration. [; in all], \$500,000 together with not to exceed \$2,294,000 of collections from Federal Farm Credit agencies of assessments and charges, to be advanced by transfer and counter warrant to this appropriation, to cover the cost of Farm Credit Administration facilities, examinations, and other services rendered to such agencies; in all, \$2,794,000 (12 U.S.C. 832, 1020a; 31 U.S.C. 686). [Collections made pursuant to section 601 of the Organic Act of 1944 (12 U.S.C. 832) are hereby made available to reimburse this appropriation for the cost of examining and supervising the corporations, banks, associations, and other organizations as provided in said section.]"
- 1
 - 2
 - 3

The first change is proposed to provide within the appropriation for "Salaries and Expenses, Farm Credit Administration, Department of Agriculture", in addition to the amount to be appropriated from the general fund of the Treasury, the amount to be collected from the Federal Farm Credit agencies supervised by the Farm Credit Administration for furnishing services and facilities and making examinations. The foregoing will provide under this item Congressional authorization for the total expenditures of Farm Credit Administration (central office). Inclusion of not only the amounts appropriated from the General Fund of the Treasury but also collections from the Federal Farm Credit agencies supervised will permit the Farm Credit Administration to distribute equitably, in relation to the services performed, its cost for services rendered to each of the agencies pursuant to section 601 of the Organic Act of 1944 (12 U.S.C. 832).

The second and third changes are proposed to provide for transfer of the collections from the Federal Farm Credit agencies to this item by warrant rather than by the present reimbursement procedure. This change, requested at the suggestion of the General Accounting Office, will eliminate the possibility of reporting duplicate expenditures as well as eliminate unnecessary clerical handling and delay.

ITEMIZATION OF ESTIMATES

Appropriation: Salaries and Expenses, Farm Credit Administration

Funds Available for Obligation

Item	Estimate, 1949	Budget Estimates, 1950	Increase (✓) or Decrease (-)
(a) Appropriation or estimate.....	\$500,000	\$500,000	-
Anticipated pay cost supplemental.....	26,500	-	-\$26,500
Total appropriation.....	526,500	500,000	-26,500
(b) Assessments, reimbursements, etc.:			
1. Assessments for cost of examination and supervision of Federal land banks.....	1,260,200	1,263,000	✓2,800
2. Assessments for cost of examination and supervision of banks for cooperatives.....	231,300	241,800	✓10,500
3. Reimbursement from the Federal Farm Mortgage Corporation under Act of January 31, 1934.....	173,900	175,800	✓1,900
4. Assessments for cost of examination and supervision of Federal intermediate credit banks.....	250,000	258,200	✓8,200
Anticipated pay cost supplemental.....	6,500	-	-6,500
5. Assessments for cost of examination and supervision of production credit corporations.....	232,000	243,400	✓11,400
Anticipated pay cost supplemental.....	9,100	-	-9,100
6. Reimbursement from the Regional Agricultural Credit Corporation of Washington, D. C., for cost of examination, supervision, and other services performed.....	12,300	12,200	-100
7. Assessments for the examination of joint stock land banks, production credit associations, and general agents' offices by the Farm Credit Administration.....	100,700	99,600	-1,100
Total assessments, reimbursements, etc.....	2,276,000	2,294,000	✓18,000
Total available for obligation.....	2,802,500	2,794,000	-8,500

STATUS OF PROGRAM

Current Activities - The Farm Credit Administration is for the most part a supervisory and regulatory agency charged with the responsibility of administering and coordinating a national program of agricultural credit pursuant to E.O. 6084 dated March 27, 1933, and the statutory authority subsequently vested in the Administration.

Purpose - The purpose of the Farm Credit system is to provide a sound and coordinated credit service for agriculture by making long-term and short-term credit available to farmers, and to farmers' cooperative marketing, purchasing, and business service organizations. A fundamental principle of the Farm Credit Administration is the development and encouragement of farmer-owned cooperative credit facilities on a self-sustaining basis.

The Farm Credit Administration (central office) supervises and examines the following banks, corporations, and associations operating through the 12 Farm Credit districts into which the United States is divided:

- 12 Federal land banks
- 1,255 national farm loan associations
- 12 production credit corporations
- 503 production credit associations
- 12 Federal intermediate credit banks
- 12 district banks for cooperatives
- Central Bank for Cooperatives
- Federal Farm Mortgage Corporation
- Regional Agricultural Credit Corporation

In each of the 12 districts there is a Federal land bank, a production credit corporation, a Federal intermediate credit bank, and a bank for cooperatives.

The national farm loan associations, which are the principal owners of the Federal land banks, are cooperative organizations of farmers and stockmen through which long-term farm mortgage credit is extended by the Federal land banks; the production credit associations, supervised by the production credit corporations, are cooperative organizations of farmers and stockmen extending short-term credit to farmers; the Federal intermediate credit banks serve as banks of discount for agriculture and do not make loans directly to individuals; and the banks for cooperatives provide credit to farmers' cooperative associations.

The Land Bank Commissioner loans made on behalf of the Federal Farm Mortgage Corporation were made through the facilities of the Federal land banks and national farm loan associations. Authority to make Land Bank Commissioner loans expired July 1, 1947; however, the Corporation continues to use the facilities of the land banks and the associations to service its assets.

The regional agricultural credit corporations were established to make loans to farmers and stockmen to whom credit was not available from

other sources at reasonable rates of interest. While there were originally 12 such corporations, they have been merged into a single corporation with headquarters in Washington, D. C.

The Farm Credit Administration is also responsible for carrying on the functions of research and study relating to cooperative associations as authorized and directed by the Cooperative Marketing Act, approved July 2, 1926.

Administrative Expense Funds - The Administration obtains its funds for administrative expenses from two principal sources: (a) by direct appropriation (estimated 1950 - 17.89 percent) and (b) by assessment against the banks and corporations operating within the Farm Credit system (estimated 1950 - 82.11 percent). The distribution of costs between appropriated and assessable funds, and the participation by the institutions subject to assessment, are based upon the most current workload statistics available at the time the budget estimates are prepared.

Administration - The Farm Credit Administration, under the direction of the Governor, is organized on a functional basis in two main types of divisions--operating and service. The operating divisions comprise the following:

1. The Land Bank Division under the direction of the Land Bank Commissioner is responsible for the supervision of the Federal land banks and national farm loan associations, including the development of policies and regulations governing these institutions, development and maintenance of land appraisal policies and standards, and the supervision of the servicing of the Federal Farm Mortgage Corporation assets.

The Division's activities include supervision of appraisals in connection with loan applications (approximately 50,000 in 1948), field review of cases as basis for approval of loans for bond collateral, field studies relating to land values, area classifications, engineer appraisals, bank and association activities, analyzing and passing upon dividend resolutions and working with the banks and associations in developing retirement plans for national farm loan association employees, meeting with boards of directors, attending conferences, and, in general, reviewing work in the field as basis for carrying out statutory supervisory responsibilities of the Commissioner and the Administration.

2. The Intermediate Credit Division under the direction of the Intermediate Credit Commissioner supervises the Federal intermediate credit banks and develops policies and regulations for their guidance.

The discharge of the statutory supervisory responsibilities of the Commissioner require a continuous general review of the financial, fiscal, and credit operations of the banks; review and authorization

of monthly debenture issuances--approximately \$700,000,000 in 1948; approval of other borrowings; review of reports of examinations made by Farm Credit examiners to determine the financial condition of the banks, character and quality of loans and discounts, and management; review of numerous "excess loans" requiring approval of the Commissioner; and review of all field activities.

3. The Production Credit Division under the direction of the Production Credit Commissioner supervises the production credit corporations which in turn supervise the production credit associations.

The Division is responsible for system-wide policies and regulations applicable to the activities of these units, reviews broadly the credit policies and practices of the associations, directs credit examinations of the associations made by designated employees of the production credit corporations, and analyzes and acts upon loans which by law or regulation require the approval of the Commissioner. Other functions of the Division include broad study of the basic soundness and economy of association and corporation operations; review of examination reports on the corporations and associations and follow-up on administrative action taken; sponsorship of plans for accelerating farmer ownership of the associations and building adequate reserves for future contingencies; and general review of the work in the field as a basis for carrying out statutory responsibilities of the Commissioner and the Administration.

4. The Cooperative Division under the direction of the Cooperative Bank Commissioner supervises the banks for cooperatives. The Commissioner is also chairman of the board of directors for the Central Bank for Cooperatives.

Typical activities of the Division include a continuous review of the fiscal, financial, and credit operations of the banks, review and prior approval of all loans in excess of \$500,000, and assistance to the banks in establishing lines of credit with commercial banks.

The Central Bank makes loans and participates with the district banks in loans to the larger farmers' cooperatives whose activities are national in scope or whose operations are carried on in more than one Farm Credit district. The Central Bank also acts as a secondary source of financing for the district banks.

5. The Examination Division is charged with the responsibility of examining at least annually all of the corporations and associations comprising the Farm Credit system.

The activities of the Division include making over 2,300 individual examinations annually; making recommendations and observations, based on an analysis of such examinations, to the officials of the Farm Credit Administration; and furnishing information to the Corporation Audits Division of the General Accounting Office for its use in making required audits of the Farm Credit banks and corporations.

6. The Cooperative Research and Service Division provides research and service facilities to farmers' cooperative associations.

Activities during the fiscal year 1948 included approximately 50 research and 90 service projects relating to a wide variety of problems of all types affecting farmers' cooperatives, resulting in the issuance of bulletins, circulars, and reports on research projects.

The service divisions of the central office carry on the following activities which are typical of the work performed:

1. Maintain Farm Credit Administration administrative accounts including cost, assessments, etc.; maintain accounts of the Federal Farm Mortgage Corporation, Regional Agricultural Credit Corporation, Agricultural Marketing Revolving Fund, and those pertaining to Government capital investment in Farm Credit Administration institutions; prepare operating reports for the Farm Credit Administration, the Department of Agriculture and Treasury, and the General Accounting Office; and audit all vouchers covering payment of central office expenses.
2. Prescribe charts of accounts for the institutions comprising the Farm Credit system and procedures for the preparation of their financial and statistical reports; review monthly and quarterly reports submitted by the banks and corporations, and prepare combined reports of operations, quarterly reports for the Treasury, and the Farm Credit Administration annual report.
3. Make statistical analyses based on the financial condition, earnings, and operations of the banks and corporations and reduce such analyses to reports for the use of the operating officials of the Administration.
4. Prepare and present the central office budget and the budgets of the wholly owned corporations.
5. Maintain 12 district registrar offices which act as custodians for collateral and other instruments deposited for safekeeping.
6. Counsel and assist in developing and carrying out the financial and investment policies of the banks and corporations.
7. Plan, develop, and supervise the dissemination of information regarding the Farm Credit system, including the sound use of credit and the availability of credit facilities of Farm Credit institutions.
8. Conduct economic and credit research relating to the credit activities of the Farm Credit system.

9. Develop personnel plans, policies, and procedures; review and make recommendations on personnel actions affecting employees in the districts; and handle matters pertaining to the employment and classification of employees in the central office.
10. Perform general office services including mail, messenger, files, graphic, stenographic, etc.

Selected Data on Operations: There follow schedules reflecting the amount of loans made during the last 4 years, the amount of loans outstanding as of the end of each such year, the gross assets at the end of each such year, and selected comparative data for each of the programs administered or supervised by the Farm Credit Administration:

FARM CREDIT ADMINISTRATION

Table 1 - Amount of loans and discounts made, by fiscal years, 1945 through 1948

Institution	1945	1946	1947	1948
Farm mortgage loans:				
Federal land banks	\$30,112,126	\$120,052,143	\$134,769,321	\$139,958,331
Land Bank Commissioner	40,243,955	14,729,530	15,286,730	1,352,554
Joint stock land banks	14,174	149	-	-
Total	120,370,255	134,781,822	150,056,051	141,310,885
Loans to cooperatives:				
Federal intermediate credit banks 1/	2,737,093	6,339,353	14,161,931	14,459,607
Banks for cooperatives 2/	379,885,224	341,899,495	427,482,904	547,528,483
Agricultural Marketing Act revolving fund 1/	759,000	660,000	975,000	1,400,000
Total	383,381,317	348,898,848	442,619,835	563,388,090
Other loans and discounts:				
Production credit associations 1/ 3/	500,305,170	560,952,188	680,019,512	4/ 849,771,289
Regional Agricultural Credit Corporation 1/	5/ 12,608,651	6/ 6,018,209	7/ 475,754	8/ 18,953
Federal intermediate credit banks (excluding loans to cooperatives) 1/	870,906,775	902,959,373	1,125,909,420	1,403,480,025
Total	1,333,820,596	1,469,929,770	1,806,404,686	2,253,270,267
Grand total	1,887,572,168	1,953,610,440	2,399,080,572	2,957,969,242

- 1/ Includes renewals.
2/ Excludes advances under CCC programs.
3/ Excludes data for associations which have been placed in liquidation, beginning with the date of liquidation.
4/ Preliminary.
5/ Includes food production loans and restricted area loans in the amount of \$5,051,703.
6/ Includes food production loans and restricted area loans in the amount of \$5,696,154.
7/ Includes food production loans and restricted area loans in the amount of \$102,855.
8/ Includes food production loans and restricted area loans in the amount of \$18,257.

FARM CREDIT ADMINISTRATION

Table 2 - Amount of loans and discounts outstanding as of June 30 for specified years

Institution	1945	1946	1947	1948
Farm mortgage loans:				
Federal land banks	\$1,061,207,500	\$1,007,645,859	\$910,092,995	\$864,275,395
Land Bank Commissioner	308,915,338	174,201,350	123,145,601	87,962,222
Joint stock land banks	814,282	130,406	97,325	3,499
Total	1,370,937,120	1,181,980,615	1,033,335,921	952,241,106
Loans to cooperatives:				
Federal intermediate credit banks	844,065	1,184,057	2,255,081	1,170,285
Banks for cooperatives ^{1/}	134,859,835	114,549,781	155,258,680	231,518,249
Agricultural Marketing Act revolving fund	2,032,526	2,687,057	1,382,336	1,121,024
Total	137,736,426	118,420,895	158,896,097	233,809,558
Other loans and discounts:				
Production credit associations ^{2/}	266,712,538	304,170,043	362,005,322	3/ 464,831,438
Regional Agricultural Credit Corporation	4/ 9,521,715	5/ 3,819,888	6/ 2,135,403	7/ 1,612,292
Federal intermediate credit banks (excluding loans to cooperatives)	314,985,521	346,672,648	401,415,010	564,164,391
Total	591,219,774	654,662,579	765,555,735	1,030,608,121
Grand total	2,099,893,320	1,955,064,089	1,957,787,753	2,216,658,785

^{1/} Excludes advances under CCC programs.

^{2/} Excludes data for associations which have been placed in liquidation.

^{3/} Preliminary.

^{4/} Includes food production loans and restricted area loans in the amount of \$7,608,838.

^{5/} Includes food production loans and restricted area loans in the amount of \$3,420,905.

^{6/} Includes food production loans and restricted area loans in the amount of \$1,810,823.

^{7/} Includes food production loans and restricted area loans in the amount of \$1,293,522.

FARM CREDIT ADMINISTRATION

Table 3 - Gross assets as of June 30 for specified years

Institution	1945	1946	1947	1948
Farm mortgage credit:				
Federal land banks	\$1,368,024,372	\$1,272,796,544	\$1,097,935,528	\$1,034,760,328
Federal Farm Mortgage Corporation	346,518,150	199,265,848	161,575,194	140,147,872
Total	1,714,542,522	1,472,062,392	1,259,510,722	1,174,908,200
Short-term credit:				
Production credit corporations	121,174,872	116,980,647	109,066,300	98,728,323
Production credit associations ^{1/}	387,983,883	421,304,234	481,371,403	589,197,684
Federal intermediate credit banks	366,284,570	405,547,056	462,140,869	628,401,736
Banks for cooperatives	238,319,962	237,748,670	238,831,058	290,445,112
Total	1,113,763,287	1,181,580,607	1,291,409,630	1,606,772,855
Institutions in process of liquidation:				
Regional Agricultural Credit Corporation	17,968,488	16,798,747	16,086,150	3,271,461
Agricultural Marketing Act revolving fund ^{2/}	184,480,389	184,516,355	184,567,499	183,214,843
Joint stock land banks	9,043,953	4,441,166	1,665,067	1,116,725
Total	211,492,830	205,756,268	202,318,716	187,603,029
Grand total	3,039,798,639	2,859,399,267	2,753,239,068	2,969,284,084

^{1/} Excludes associations in liquidation.

^{2/} Includes loans to stabilization corporations.

^{3/} Preliminary.

SELECTED COMPARATIVE DATA OF FEDERAL LAND BANKS

Item	June 30, 1946	June 30, 1947	June 30, 1948
Gross assets			
Loans outstanding:			
Number			
Amount	\$1,272,796,544	\$1,097,935,528	\$1,034,760,328
Loans closed during year ended:			
Number	371,635	331,743	308,649
Amount	\$1,007,645,859	\$910,092,995	\$864,275,395
Loans purchased from FFMC during year ended:			
Number	26,682	29,795	30,607
Amount	\$120,052,143	\$134,769,321	\$139,958,331
Repayments of loans during year ended			
Loans delinquent:			
Number	46,610	11,774	3,992
Amount	\$66,431,094	\$14,606,689	\$4,877,401
Percent of loans delinquent:			
Number	\$217,082,194	\$217,793,542	\$158,431,408
Amount			
Real estate and sheriffs' certificates acquired during the year ended:			
Number	15,820	12,939	11,996
Investment	\$42,417,408	\$34,081,380	\$33,906,167
Real estate and sheriffs' certificates disposed of during the year ended:			
Number	4.3	3.9	3.9
Investment	4.2	3.7	3.9
Real estate and sheriffs' certificates disposed of during the year ended:			
Number	163	57	36
Investment	\$744,580	\$199,197	\$126,061
Bonds outstanding			
Number	723	186	68
Investment	32	5	4
Real estate and sheriffs' certificates on hand:			
Number	\$3,366,220	\$926,853	\$261,724
Investment			
Bonds outstanding			
Number	192	62	29
Investment	\$994,698	\$251,391	\$109,252
Capital stock and surplus paid in - United States Government			
Number	\$719,084,200	\$691,343,500	\$651,145,000
Investment			
Capital stock owned by borrowers			
Number	\$76,882,258	\$59,355,033	\$56,352,278
Investment			
Earned surplus	\$65,790,085	\$100,609,358	\$104,080,363
Legal reserve	\$83,910,825	\$92,471,854	\$93,950,588
Number of associations	\$83,794,883	1,279	1,255
	1,490		

SELECTED COMPARATIVE DATA ON FEDERAL INTERMEDIATE CREDIT BANKS

Item	June 30, 1946	June 30, 1947	June 30, 1948
Gross assets	\$405,547,056	\$462,140,869	\$628,401,736
Loans and discounts outstanding	\$347,856,705	\$403,670,091	\$565,334,676
Loans and discounts made during year ended 1/	\$909,298,726	\$1,140,071,351	\$1,417,939,632
Repayments of loans during year 1/	\$877,271,307	\$1,084,257,965	\$1,256,275,047
Loans delinquent - Amount	\$3,962,867	\$5,624,304	\$7,700,597
Percent of loans delinquent	1.14	1.39	1.36
Debentures outstanding	\$306,645,000	\$355,860,000	\$520,800,000
Debentures issued during year	\$423,565,000	\$471,125,000	\$692,815,000
Franchise tax	2/ \$288,018	3/ \$222,120	4/ \$178,181
Capital stock (owned by U. S. Government)	\$60,000,000	\$60,000,000	\$60,000,000
Surplus paid in	-	-	\$500,000
Earned surplus	\$23,286,317	\$23,952,676	\$24,437,218
Reserve for contingencies	\$9,090,000	\$9,425,000	\$10,225,000

1/ Includes renewals.

2/ Represents tax for the fiscal year ended June 30, 1946, paid in July 1946.

3/ Represents tax for the fiscal year ended June 30, 1947, paid in July 1947.

4/ Represents tax for the fiscal year ended June 30, 1948, paid in July 1948.

SELECTED COMPARATIVE DATA ON PRODUCTION CREDIT CORPORATIONS
AND PRODUCTION CREDIT ASSOCIATIONS

Item	June 30, 1946	June 30, 1947	June 30, 1948
Production credit corporations:			
Gross assets	\$116,980,647	\$109,066,300	\$98,728,323
Capital stock - U. S. Government	\$101,250,000	\$92,650,000	\$81,635,000
Earned surplus	\$15,558,370	\$16,126,978	\$16,761,030
Production credit associations: <u>1/</u>			
Gross assets	\$421,304,234	\$481,371,403	\$589,197,684
Number of associations	505	504	503
Number of members	390,748	<u>3/</u> 403,642	432,236
Number of loans made during year <u>2/</u>	222,336	237,881	266,449
Amount of loans made during year ended <u>2/</u>	\$560,952,188	\$680,019,512	\$849,771,289
Number of loans outstanding	196,361	209,632	233,965
Amount of loans outstanding	\$304,170,043	\$362,005,322	\$464,831,438
Repayments of loans during year:			
Number	150,301	162,020	174,547
Amount	\$434,111,956	\$520,826,168	\$620,317,879
Renewals:			
Number	64,503	62,181	66,932
Amount	\$89,227,572	\$101,079,837	\$126,234,670
Loans delinquent:			
Number	3,910	3,320	3,511
Amount	\$5,557,544	\$3,295,639	\$4,421,280
Percent of loans delinquent:			
Number	2.0	1.6	1.5
Amount	1.8	0.9	1.0
Stock owned by members (largely class B)	\$35,506,615	\$42,428,020	\$51,492,148
Stock owned by production credit corporations (class A)	\$47,937,415	\$40,513,000	\$30,875,100
Reserve for guaranty fund	\$10,847,900	\$10,334,500	\$9,608,600
Reserve for contingencies	\$23,335,309	\$27,504,979	\$33,302,831
Unapplied earnings	\$2,875,359	\$3,406,486	\$4,164,101

Note: Excludes data for the associations in liquidation.

1/ Preliminary data for 1948.

2/ Includes renewals.

3/ Adjusted to eliminate duplication of members owning both class A and class B stock; information for prior years is not available.

SELECTED COMPARATIVE DATA ON BANKS FOR COOPERATIVES

Item	June 30, 1946	June 30, 1947	June 30, 1948
Gross assets	\$237,748,670	\$238,831,058	\$290,445,112
Number of borrowing cooperatives	1,251	1,379	1,559
Loans made during year ended	\$341,899,495	\$427,482,904	\$547,528,483
Repayments of loans during year	\$362,200,738	\$386,737,374	\$471,082,948
Loans outstanding	\$114,549,781	\$155,258,690	\$231,518,249
Advances under CCC programs	\$33,802,238	\$104,027,973	\$73,339
Advances under CCC programs outstanding	\$47,437,786	\$13,994,362	-
Capital stock or guaranty fund owned by borrowers	\$6,482,000	\$8,811,200	\$12,642,500
Capital stock owned by U. S. Government	\$178,500,000	\$178,500,000	\$178,500,000
Earned surplus	\$30,035,836	\$33,410,555	\$25,371,513
Legal reserve	-	-	\$10,987,182
Reserve for contingencies	\$6,050,000	\$6,725,000	\$7,125,000

REGIONAL AGRICULTURAL CREDIT CORPORATION OF WASHINGTON, D. C.

Loans receivable
Progress in liquidation as of June 30, 1948

Restricted area loans:		
Loans and advances (December 1943 through June 30, 1948) ^{1/}		\$7,961,101
Less: Repayments ^{1/}	\$7,768,584	
Transfers to assets acquired	7,478	
Charge-offs	30,451	
Balance outstanding (1.94%)		\$154,588
Food production loans and advances:		
Loans and advances (February 1943 through June 30, 1948) ^{1/}		69,316,108
Less: Repayments ^{1/}	63,215,707	
Transfers to assets acquired	419,208	
Charge-offs	1,010,955	
Cancellations	3,531,304	
Balance outstanding (1.64%)		68,177,174
Fruit loans - Wenatchee area:		
Loans and advances (March 1941 through June 30, 1948)		34,679,581
Less: Repayments	34,367,020	
Charge-offs	9,904	
Balance outstanding (0.87%)		34,376,924
Other loans:		
Loans and advances (October 1932 through June 30, 1948) ^{1/}		550,102,892
Less: Repayments ^{1/}	546,709,389	
Transfers to assets acquired	666,231	
Charge-offs	2,714,372	
Balance outstanding (0.002%)		550,089,992
Sales contracts, notes receivable, etc.		12,900
Advances for borrowers		25,192
Total outstanding		3,213
		<u>1,637,484</u>

Note: Beginning of period shown in foregoing is beginning of the program.

^{1/} Includes renewals.

SELECTED COMPARATIVE DATA ON JOINT STOCK LAND BANKS

(Including banks in receivership)

Item	May 1, 1933	June 30, 1946	June 30, 1947	June 30, 1948
Gross assets	\$576,937,505	\$4,441,166	\$1,665,067	\$1,116,725
Number of banks	50	7	5	5
Loans outstanding:				
Number	81,498	30	24	1
Amount	\$438,758,148	\$130,406	\$97,325	\$3,489
Repayments of loans during year	<u>1/</u>	\$617,740	\$36,351	\$90,935
Loans delinquent	\$256,549,398	\$9,347	\$9,454	\$3,489
Percent delinquent	58.5	7.2	9.7	100.0
Number of properties held	11,131	134	29	7
Real estate, sheriffs' certificates, purchase money mortgages, contracts and real estate notes receivable	\$108,630,111	\$2,736,737	\$1,390,328	\$702,360
Bonds and notes payable	\$501,707,484	\$6,560,624	\$133,500	\$67,000
Net amount of capital and net worth	<u>1/</u>	\$2,976,235	\$1,418,619	\$832,620

1/ Not readily available.

AGRICULTURAL MARKETING ACT REVOLVING FUND

(Progress in liquidation)

Date	Loans outstanding	Balance of assets acquired in liquidation of loans
May 26, 1933	\$466,242,668	-
December 31, 1933	334,091,770	\$3,464,226
December 31, 1934	146,910,630	299,725
December 31, 1935	115,858,541	606,355
December 31, 1936	121,761,863	594,465
December 31, 1937	98,970,777	9,265,868
December 31, 1938	91,183,004	8,596,988
December 31, 1939	87,207,043	8,073,060
December 31, 1940	16,461,370	7,707,201
June 30, 1941	15,643,543	6,978,825
June 30, 1942	12,628,301	7,532,134
June 30, 1943	10,851,956	4,914,177
June 30, 1944	2,910,627	2,745,637
June 30, 1945	2,032,526	r/ 2,166,933
June 30, 1946	2,687,057	1,937,190
June 30, 1947	1,382,336	1,768,396
June 30, 1948	1,121,024	1,122,478

1/ During the year 1940, loans to stabilization corporations were reported to the Comptroller General of the United States for collection, and therefore have been removed from loans outstanding.
r/ Revised.

SELECTED COMPARATIVE DATA ON FEDERAL FARM MORTGAGE CORPORATION

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Item	June 30, 1946	June 30, 1947	June 30, 1948
Gross assets	\$199,265,848	\$161,575,194	\$140,147,872
Loans outstanding:			
Number	163,546	122,887	92,466
Amount	\$174,204,350	\$123,145,601	\$87,962,222
Loans closed during year ended:			
Number	15,746	17,104	1,199
Amount	\$14,729,530	\$15,286,730	\$1,352,554
Repayments of loans during year ended	<u>1/</u> \$147,188,249	<u>2/</u> \$64,427,860	<u>3/</u> \$35,971,007
Loans delinquent:			
Number	11,847	8,479	6,937
Amount	\$15,729,775	\$10,045,516	\$8,265,112
Percent of loans delinquent:			
Number	7.3	6.9	7.5
Amount	9.0	8.2	9.4
Real estate and sheriffs' certificates acquired during the year ended:			
Number	216	75	19
Investment	\$772,627	\$266,322	\$60,793
Real estate and sheriffs' certificates disposed of during the year ended:			
Number	621	234	72
Whole	40	17	5
Part			
Investment	\$2,755,466	\$990,767	\$270,968
Real estate and sheriffs' certificates on hand:			
Number	239	79	26
Investment	\$31,775	\$270,287	\$75,332
Bonds outstanding	\$12,000,000	\$21,000,000	-
Capital stock	\$50,000,000	\$1,000,000	\$10,000
Earned surplus	\$99,348,840	\$105,437,057	\$122,972,426

1/ Includes loans sold to FIB in the amount of \$66,431,094.

2/ Includes loans sold to FIB in the amount of \$14,606,689.

3/ Includes loans sold to FIB in the amount of \$4,877,401.

(b) Agricultural Marketing Revolving Fund

This budget schedule reflects actual and estimated transactions under the revolving fund established by the Agricultural Marketing Act of June 15, 1929 (46 Stat. 28). Expenditures out of this fund are to cover loans to cooperative associations to protect loans previously made to such associations in order to provide for orderly liquidation of the total indebtedness; the maintenance of property acquired by foreclosure; and subscriptions to capital stock of the banks for cooperatives. Collections of principal and interest, proceeds from the rental or sale of properties acquired under foreclosure proceedings, and reductions in capital stock of banks for cooperatives are likewise shown.

(c) Administrative Expenses and Refunds,
Farm Credit Administration

Appropriation Act, 1949.....	\$2,260,400
Anticipated Pay Act supplemental.....	15,600
Base for 1950.....	2,276,000
Budget estimate, 1950.....	2,294,000
Increase, 1950.....	<u>+18,000</u>

This budget schedule reflects actual and estimated costs of examinations and administrative supervision of the banks, corporations, and other organizations under the jurisdiction of the Farm Credit Administration. The amounts so collected are made available by the Department of Agriculture Appropriation Act each year for reimbursing the "Salaries and Expenses" appropriation of the Farm Credit Administration.

(d) Supervisory Expense Funds,
Regional Agricultural Credit Corporation,
Farm Credit Administration

This budget schedule reflects amounts deposited in the Treasury by the Reconstruction Finance Corporation to cover such expenses incurred in connection with the supervision of regional agricultural credit corporations, as authorized by the Act of July 21, 1932 (12 U.S.C. 148). Under the Act of June 30, 1947 (Public Law 132), authority to pay such expenses was transferred to the Farm Credit Administration. However, the Government Corporations Appropriations Act, 1948, provided that funds of the Regional Agricultural Credit Corporation should be available for such expenses (12 U.S.C. 1148).

SECRET

The first of the two main parts of the report is a description of the work done during the period from 1 January to 31 December 1954. This part is divided into two sections, one dealing with the work done in the field and the other with the work done in the laboratory. The second part of the report is a summary of the results of the work done during the period from 1 January to 31 December 1954. This part is divided into two sections, one dealing with the results of the work done in the field and the other with the results of the work done in the laboratory.

1. FIELD WORK

The first part of the field work was a survey of the area around the station. This was done in order to determine the extent of the area to be covered by the work. The second part of the field work was a series of experiments designed to determine the effect of various factors on the growth of the plants. These experiments were carried out in the field and in the laboratory.

The results of the field work show that the growth of the plants is affected by a number of factors, including the amount of light, the amount of water, and the amount of nutrients. The results of the laboratory work show that the growth of the plants is also affected by these factors, but that the effect is not as pronounced as in the field.

2. LABORATORY WORK

The first part of the laboratory work was a series of experiments designed to determine the effect of various factors on the growth of the plants. These experiments were carried out in the laboratory and in the field. The results of the laboratory work show that the growth of the plants is affected by a number of factors, including the amount of light, the amount of water, and the amount of nutrients. The results of the field work show that the growth of the plants is also affected by these factors, but that the effect is not as pronounced as in the laboratory.

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS
(Amounts Shown Include Pay Act Costs)

Item	: Obligations, 1948	: Estimated obligations, 1949	: Estimated obligations, 1950
Research and Marketing Act of 1946, Department of Agriculture (Allotment to Farm Credit Administration):			
(Title I, sec. 10b):			
Research other than utilization research.....	\$15,297	\$19,900	- -
(Title II):			
Marketing research and service.....	64,848	152,800	- -
Total, Research and Marketing Act.....	80,145	a/ 172,700	b/ - -
Penalty Mail Costs, Department of Agriculture (Allotment to Farm Credit Administration):			
For cost of handling penalty mail pursuant to Section 2, Public Law 364, 74th Congress.....	12,475	- -	- -
Salaries and Expenses, War Assets Administration, Special Fund, (Allotment to Agriculture) (Land Disposal):			
For agricultural and forest real property disposal program, Farm Credit Administration, disposal agent.....	877,184	389,400	- -
TOTAL, OBLIGATIONS UNDER SUPPLEMENTAL FUNDS.....	969,804	562,100	- -

a/ Based on allotments as of January 15, 1949.

b/ Allotments under this appropriation for the fiscal year 1950 have not been determined.

REPORT OF THE BOARD OF DIRECTORS OF THE
 COMPANY FOR THE YEAR 1999

Item	Description	Amount	Remarks
1	Capital	100.00	Initial capital
2	Reserves	10.00	Reserves for contingencies
3	Debt	10.00	Debt for operations
4	Equity	10.00	Equity for operations
5	Total	130.00	Total assets
6	Capital	100.00	Initial capital
7	Reserves	10.00	Reserves for contingencies
8	Debt	10.00	Debt for operations
9	Equity	10.00	Equity for operations
10	Total	130.00	Total assets
11	Capital	100.00	Initial capital
12	Reserves	10.00	Reserves for contingencies
13	Debt	10.00	Debt for operations
14	Equity	10.00	Equity for operations
15	Total	130.00	Total assets
16	Capital	100.00	Initial capital
17	Reserves	10.00	Reserves for contingencies
18	Debt	10.00	Debt for operations
19	Equity	10.00	Equity for operations
20	Total	130.00	Total assets
21	Capital	100.00	Initial capital
22	Reserves	10.00	Reserves for contingencies
23	Debt	10.00	Debt for operations
24	Equity	10.00	Equity for operations
25	Total	130.00	Total assets
26	Capital	100.00	Initial capital
27	Reserves	10.00	Reserves for contingencies
28	Debt	10.00	Debt for operations
29	Equity	10.00	Equity for operations
30	Total	130.00	Total assets
31	Capital	100.00	Initial capital
32	Reserves	10.00	Reserves for contingencies
33	Debt	10.00	Debt for operations
34	Equity	10.00	Equity for operations
35	Total	130.00	Total assets
36	Capital	100.00	Initial capital
37	Reserves	10.00	Reserves for contingencies
38	Debt	10.00	Debt for operations
39	Equity	10.00	Equity for operations
40	Total	130.00	Total assets

Board of Directors

1. The Board of Directors has approved the financial statements for the year 1999.

PASSENGER MOTOR VEHICLES

The estimate provides for the purchase of one car at a net cost of \$1,100 to replace one of the two cars now operated in Washington, D. C.

Each annual appropriation under this heading, since the Farm Credit Administration was created in 1933, has carried language specifically authorizing its use for the purchase, maintenance, repair, and operation of passenger motor vehicles. The authorization to exchange one car in 1950 is requested in order to provide for replacement of one of the over-age cars now in use when such action is required.

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FEDERAL FARM MORTGAGE CORPORATION

Administrative Expenses

Appropriation Act, 1949	\$2,000,000
Advances to Farm Credit Administration central office for services and facilities furnished and examinations made..	-173,900
Unobligated balance, estimated savings	-29,100
Base for 1950	1,797,000
Budget estimate, 1950	1,500,000
Decrease, 1950	<u>-297,000</u>

DECREASES, 1950

The decrease of \$297,000 in funds required for administrative expenses of the Federal Farm Mortgage Corporation for 1950 is composed of:

- (a) A decrease of \$295,000 in reimbursements to the Federal land banks for servicing land bank commissioner loans.

The Federal land banks and national farm loan associations since the inception of the Federal Farm Mortgage Corporation have maintained an organization and personnel equipped to handle the business of the Corporation as well as their own. Prior to July 1, 1947, when the Land Bank Commissioner's lending authority expired, this involved carrying on a new loan program and servicing of outstanding loans and other assets for which the banks were reimbursed on a cost basis.

The budget estimate of the costs of services of the Federal land banks for 1950 is \$1,485,000 or \$295,000 less than the maximum of \$1,780,000 set in the 1949 contracts. This amount is based upon the individual estimates of the 12 Federal land banks after review by the officers of the Corporation, and covers the servicing of an estimated 60,000 weighted units. The percent of decrease in estimated costs for the Corporation from 1949 to 1950 is approximately 16 percent whereas the estimated percent of decrease in units is approximately 18 percent. This is due to the fact that costs do not decrease in the same ratio as the number of units.

The remaining loans will be scattered throughout the Nation requiring continued servicing activities on the part of all of the land banks and practically all of the 1,200 national farm loan associations.

- (b) A decrease of \$1,000 in reimbursements to the Federal Reserve banks.

The reimbursement to the Federal Reserve banks is for services rendered by the banks in the custody, shipment, and delivery of Corporation bonds and the redemption of interest coupons. The amount of such reimbursement should continue to decline with the balance of matured bonds outstanding.

- (c) A decrease of \$1,000 in reimbursements to the Treasury Department.

This amount represents a decrease of \$1,000 in the estimated reimbursement to the Bureau of Public Debt for services rendered in the cancellation and retirement of the Corporation's bonds, and in the payment of the semiannual interest thereon.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

- 1 * * *; and said total sum shall be exclusive of services and facilities furnished and examinations made by the Farm Credit Administration central office, interest expense, and expenses in connection with the acquisition, operation, maintenance, improvement, protection, or disposition of real or personal property belonging to the Corporation or in which it has an interest: Provided, That /of the funds available to the Corporation for administrative expenses, not to exceed \$244,000 shall be available for payment to the Farm Credit Administration for supervisory or other services rendered:
- 2
- 3 Provided further, That prior to June 30, 1949, not less than \$68,000,000, and all additional cash funds in excess of operating requirements for the fiscal year 1949, / promptly after June 30 of each fiscal year all cash funds in excess of the estimated operating requirements for the current fiscal year shall be declared as dividends and paid into the General Fund of the Treasury: * * *

The first and second changes are proposed in order to remove from the Corporation's administrative expense limitation the payment to Farm Credit Administration for the cost of services and facilities furnished and examinations made, and thus restrict the limitation to the administrative expenses of the Corporation at the district level, including General Accounting Office audit expense; the limitation, covering funds available for payment to the Farm Credit Administration (central office), is provided for in the estimates and the proposed appropriation language under "Salaries and Expenses, Farm Credit Administration, Department of Agriculture" (see Justification of Change in Language, "Salaries and Expenses, Farm Credit Administration, Department of Agriculture").

The third change, pertaining to the provision for the declaration and payment of dividends by the Corporation, is proposed to avoid making changes each year to designate the appropriate fiscal year and to permit deferment of the payment of dividends until the amount available therefor can be determined shortly after the close of the fiscal year.

STATUS OF PROGRAM

Creation and Purpose - The Federal Farm Mortgage Corporation was created by the Federal Farm Mortgage Corporation Act, approved January 1, 1934 (12 U.S.C. 1020 et seq.). One of the main purposes was to provide funds for loans to farmers by the Land Bank Commissioner pursuant to section 32 of the Emergency Farm Mortgage Act of 1933 (48 Stat. 48). (The authority for making this type of loans was not extended by Congress beyond July 1, 1947.) Another purpose was to make loans to Federal land banks and joint stock land banks and to purchase consolidated farm loan bonds. No loans were made to joint stock land banks; but the Corporation assisted the land banks in the emergency period both through loans and the purchase of bonds and still has the authority to carry out this purpose as provided in the act.

Organization and Management - The management of the Corporation is vested in a board of directors, consisting of the Secretary of the Treasury or an officer of the United States Treasury designated by him, the Governor of the Farm Credit Administration, and the Land Bank Commissioner. The Corporation employs no personnel; instead it utilizes the services and facilities of the Farm Credit Administration (central office, Federal land banks, and national farm loan associations) to carry out its corporate functions for which the agencies are reimbursed by the Corporation at cost. In addition the Federal Reserve banks and the Treasury Department perform certain fiscal services for the Corporation for which they are reimbursed.

Source of Funds:

1. Capital Stock - The Federal Farm Mortgage Corporation Act (12 U.S.C. 1020b) provided that the capital stock of the Corporation should be in the amount of \$200,000,000 to be subscribed for by the Governor of the Farm Credit Administration on behalf of the United States. Under the authority of subsequent statutory enactments, the Corporation has repaid to the Secretary of the Treasury on behalf of the United States \$199,990,000, leaving outstanding capital stock at June 30, 1948, of only \$10,000. The amount returned to the United States Treasury is held by it in a revolving fund available for future subscriptions to the capital stock of the Corporation.
2. Earned Surplus - After payment of all expenses and other costs from organization to date and making provision for future losses, the earned surplus of the Corporation at June 30, 1948, amounted to \$122,972,426. Pursuant to a provision contained in the Government Corporations Appropriation Act, 1949, the Corporation is required to declare and pay into the General Fund of the Treasury during 1949 a dividend amounting to \$68,000,000. Payments of \$40,000,000 and \$10,000,000 were made on July 28 and December 1, 1948, respectively; the remaining \$18,000,000 will be paid within the current fiscal year if the Corporation's realization from liquidations is as forecast.
3. Borrowings - With the approval of the Secretary of the Treasury, the Corporation has authority to issue bonds which are fully and unconditionally guaranteed, both as to principal and interest, by the United States. The original authority permitted the Corporation to

have bonds outstanding at any one time in an aggregate amount not to exceed \$2,000,000,000; however, this authority was reduced to \$500,000,000 by the Government Corporations Appropriation Act, 1949. The Corporation had no unmatured bonds outstanding at June 30, 1948, and had funds on deposit with the United States Treasury to pay the \$1,737,800 of matured bonds held by the public.

Type and Result of Operations:

1. Lending Program - During the approximate 15 years of the Corporation's operation to June 30, 1948, the Land Bank Commissioner made 679,664 mortgage loans in the amount of \$1,217,794,577, of which \$1,129,832,356 has been liquidated, including \$896,769,000 repaid by borrowers. Additional credit was extended by the Corporation to farmers in the form of purchase money mortgages, real estate sales contracts and notes receivable resulting from the acquisition and sale of real estate securing mortgage loans. At June 30, 1948, there remained to be liquidated \$93,657,864 in assets consisting of 92,466 mortgage loans amounting to \$87,962,222, and purchase money mortgages, sales contracts, notes receivable, other loans receivable, and real estate of \$5,695,642. Thus, at the end of 15 years only 7.7 percent of the amount of the original loans remained outstanding.
2. Sale of Assets to Federal Land Banks - The Federal land banks are empowered under the act of June 30, 1945, to purchase mortgages and sales contracts from the Corporation and the Corporation is authorized to sell such assets to the banks; such transactions are subject to the borrower purchasing stock in the national farm loan association and to the loan limits applicable to Federal land bank loans. As of June 30, 1948, the banks had purchased 62,838 loans, purchase money mortgages, and contracts amounting to \$86,688,258.
3. Financing Program - During its period of operation the Corporation utilized all of its authorized capital stock of \$200,000,000 and borrowed approximately \$3,000,000,000 through the issuance of bonds to finance Land Bank Commissioner loans and to assist the Federal land banks through loans and the purchase of farm loan bonds.
4. Operating Results - The Corporation's income from all sources from the date of its inception to June 30, 1948, was \$685,074,888; its expenses (including charge-offs and provision for future losses) amounted to \$562,102,462, leaving a net income of \$122,972,426.

Budget Estimates - The current activities of the Corporation are restricted to the servicing of its assets, comprised almost wholly of Land Bank Commissioner loans to farmers. These loans are being serviced through the facilities of the 12 Federal land banks and the national farm loan associations. The 1950 budget estimate is based primarily upon the individual estimates made by the various land banks as agents for the Corporation. In arriving at the estimated requirements, the banks took into consideration various factors affecting the payment of interest and

repayment of principal by farmer borrowers, including general agricultural conditions, farm commodity prices, and other phases of the farm outlook, as well as the careful appraisal of past experience with Commissioner loans.

1. Repayment of Loans - The amount of loan repayments during the fiscal year 1948 totaled \$38,757,335; the estimated amounts to be repaid in 1949 and 1950 are \$23,883,000 and \$13,500,000 respectively. These repayments represent for 1948 approximately 30 percent of the loans outstanding at the beginning of the year, for 1949 approximately 25 percent, and for 1950 approximately 20 percent. The actual amounts of repayments may vary considerably from the amounts estimated since they will depend largely upon general agricultural and economic conditions existing during the respective years.
2. Net income - The net income of the Corporation for the fiscal year 1950, before adjustment of reserves, is estimated at only \$1,444,700 compared with \$3,608,588 actual in 1948. Gross income in 1950 is estimated at \$3,166,200 compared with \$6,300,178 in 1948, and total expenses at \$1,721,500 compared with \$2,691,590. The ratio of expenses to earnings in 1950 shows a decided increase due to the steady reduction in the volume of interest-earning assets.

Summary of Operations - The actual operations for the fiscal year 1948 and estimated for 1949 and 1950 are summarized briefly in the following table:

	Fiscal Year 1948 Actual	Fiscal Year 1949 Estimated	Fiscal Year 1950 Estimated
<u>Funds Applied</u>			
To make loans to farmers	\$1,483,059	-	-
To acquisition and improvement of acquired security or collateral	90,554	\$17,000	\$17,000
To administrative expenses	2,270,623	1,797,000	1,500,000
To other operating expenses	422,355	229,900	221,500
To repayment of borrowings	21,687,200	350,000	250,000
To repayment of paid-in capital to U. S. Treasury	990,000	-	-
To dividend payment to U. S. Treasury	-	68,000,000	-
To increase (or decrease*) working capital	18,396,228	*42,262,600	14,694,700
	45,340,019	28,131,300	16,683,200
<u>Funds Provided</u>			
By repayments of principal of loans	38,757,335	23,883,000	13,500,000
By sale of acquired security or collateral	437,696	149,000	114,500
By operating income	6,093,844	4,069,200	3,043,300
By nonoperating income	51,144	30,100	25,400
	45,340,019	28,131,300	16,683,200

* Deduct

SELECTED COMPARATIVE DATA ON FEDERAL FARM MORTGAGE CORPORATION

Item	June 30, 1946	June 30, 1947	June 30, 1948
Gross assets			
Loans outstanding:			
Number			92,466
Amount	\$199,265,848	\$161,575,194	\$140,147,872
Loans closed during year ended:			
Number	163,546	122,887	
Amount	\$174,204,350	\$123,145,601	\$87,962,222
Loans closed during year ended:			
Number	15,746	17,104	1,199
Amount	\$14,729,530	\$15,286,730	\$1,352,554
Repayments of loans during year ended	<u>1/</u> \$147,188,249	<u>2/</u> \$64,427,860	<u>3/</u> \$35,971,007
Loans delinquent:			
Number	11,847	8,479	6,937
Amount	\$15,729,775	\$10,045,516	\$8,265,112
Percent of loans delinquent:			
Number	7.3	6.9	7.5
Amount	9.0	8.2	9.4
Real estate and sheriffs' certificates acquired during the year ended:			
Number	216	75	19
Investment	\$772,627	\$266,322	\$60,793
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole	621	234	72
Part	40	17	5
Investment	\$2,755,466	\$990,767	\$270,968
Real estate and sheriffs' certificates on hand:			
Number	239	79	26
Investment	\$931,775	\$270,287	\$75,332
Bonds outstanding	\$12,000,000	\$21,000,000	-
Capital stock	\$50,000,000	\$1,000,000	\$10,000
Earned surplus	\$99,348,840	\$105,437,057	\$122,972,426

1/ Includes loans sold to FLB in the amount of \$66,431,094.

2/ Includes loans sold to FLB in the amount of \$14,606,689.

3/ Includes loans sold to FLB in the amount of \$4,877,401.

FEDERAL INTERMEDIATE CREDIT BANKS

Administrative Expenses

Appropriation Act, 1949	\$1,607,500
Anticipated Pay Act supplemental, 1949	91,500
Less amount available for liquidation of prior year obligations (Public Law 860)	-107,500
Advances to Farm Credit Administration central office for furnishing services and facilities and making examinations	-250,000
Proposed advance for pay act costs	-6,500
Base for 1950	1,335,000
Budget estimate, 1950	1,398,000
Increase, 1950	<u>+63,000</u>

The increase of \$63,000 required primarily for additional credit examiners and clerical personnel to analyze loan and discount offerings and to do related work.

The 12 banks have budgeted a total of \$1,099,232 for personal services for the fiscal year 1950 which includes provision for 284.2 net man-years of permanent employment, an increase of 14.6 man-years over 1949. This increase primarily is for additional credit examiners and clerical personnel to analyze loan and discount offerings and to do related work. The estimated volume of loans and discounts to be handled during 1950 is \$1,789,752,000 or an average of approximately \$149,000,000 per bank. This sum is approximately 10 percent more than the 1949 estimate and 26 percent in excess of the actual dollar volume in 1948.

The amount provided in the budget for personal services is needed to permit the banks to employ and maintain a sufficient staff of capable and experienced officers and employees to carry out the functions of the banks in a prudent and effective manner. With farm and livestock production costs at record high levels, and with the beginning of a downward trend in prices of many agricultural products, the problems involved in extending credit on a sound and constructive basis are growing more complex. Under these conditions, it is essential that the paper offered to the banks be analyzed with more than ordinary care to avoid assuming unwarranted risks, and that the outstanding loans and discounts be serviced more closely than would be required in a period of increasing farm income. This is particularly important since the maintenance of a favorable debenture market, through which the banks obtain the major part of their lending funds, depends in large measure upon the soundness of their credit policies and practices.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

- 1 * * * Not to exceed /\$1,607,500, of which \$107,500 shall be
available only for liquidation of obligations incurred in
the fiscal year 1948/ \$1,398,000 (to be computed on an
accrual basis), of the funds of the banks shall be avail-
able for administrative expenses, including the purchase
2 of not to exceed /five/ two passenger motor vehicles for
replacement only, services performed for the banks by
3 other Government agencies (except /services performed by
the banks for cooperatives in connection with loans to
cooperative associations rediscounted or pledged with the
4 Federal intermediate credit banks/ services and facilities
furnished and examinations made by the Farm Credit Adminis-
tration central office, and * * *
- 5 * * * / Provided, That of the funds available to the banks
for administrative expenses, not to exceed \$330,000, of which
\$80,000 shall be available only for liquidation of obligations
incurred in the fiscal year 1948, shall be available for pay-
ment to the Farm Credit Administration for supervisory or
other services rendered/.

The first change proposes deletion of language provided in fiscal year 1949 to make available \$107,500 for liquidation of obligations incurred in fiscal year 1948. Retention of the language is no longer necessary.

The second change is proposed to reduce from five to two the number of cars to be replaced in 1950.

The third change proposes the elimination of language providing for compensation of the banks for cooperatives for services in connection with loans to cooperative associations, as such compensation was discontinued with respect to paper discounted on and after October 1, 1947.

The fourth and fifth changes are proposed in order to remove from the banks' administrative expense limitation provision for the payment to Farm Credit Administration for the cost of services and facilities furnished and examinations made, and thus restrict the limitation to the administrative expenses of the banks at the district level, including General Accounting Office audit expense. The limitation, covering funds available for payment to the Farm Credit Administration (central office), is provided for in the estimates and in the appropriation language proposed under "Salaries and Expenses, Farm Credit Administration, Department of Agriculture" (see Justification of Change in Language, "Salaries and Expenses, Farm Credit Administration, Department of Agriculture").

STATUS OF PROGRAM

Creation and Purpose - The 12 Federal intermediate credit banks were established pursuant to the Agricultural Credits Act, approved March 4, 1923 (12 U.S.C. 1021, 1022), to provide a permanent system which, through the sale of its obligations in the investment markets, would obtain funds for the extension of seasonal credit to local lending institutions serving farmers and stockmen, and to farmers' cooperative associations, upon terms suited to their needs.

Management and Supervision - Each bank operates under its own corporate management and under the direction of a board of directors, composed of the members of the district Farm Credit Board, who are, ex officio, the directors of the four permanent credit units of each Farm Credit district. The operations of the banks are supervised by the Intermediate Credit Commissioner, who is responsible to the Governor of the Farm Credit Administration.

Source of Funds:

1. Capital Funds - The capital stock of each bank is \$5,000,000, a total of \$60,000,000 for the system, paid in by the Secretary of the Treasury (12 U.S.C. 1061). An act of Congress approved January 31, 1934, authorized a revolving fund in the sum of \$40,000,000 to be held by the United States Treasury, out of which the Governor, with the approval of the Secretary of the Treasury, is authorized to subscribe and pay for additional capital stock or paid-in surplus of any bank in accordance with the needs of eligible borrowers from such bank. This sum was paid to the banks in 1934 but was returned to the revolving fund in the fiscal year 1941. In June 1948, \$500,000 of paid-in surplus was supplied to the Federal Intermediate Credit Bank of Columbia (S.C.) out of this fund.
2. Unreserved Surplus - The net income of the banks from organization to June 30, 1948, after payment of all expenses and other costs, amounted to \$42,071,074. Of this amount, \$7,358,856 has been paid to the United States Treasury in franchise taxes and \$10,225,000 has been transferred to the reserves for contingencies, leaving \$24,487,218 as unreserved surplus.
3. Borrowings - The banks finance their lending activities primarily through the issuance and sale to the investing public of consolidated collateral trust debentures and by direct borrowings from commercial banks (12 U.S.C. 1041 et seq.), rather than through the use of appropriated funds. The banks are authorized also to rediscount eligible paper with the Federal Reserve banks; however, it has not been necessary to use these facilities for a number of years. Each bank is authorized, with the approval of the Farm Credit Administration, to issue and sell debentures and to borrow money. The maximum amount of debentures and similar obligations which may be outstanding on behalf of any bank may not exceed 10 times its surplus and paid-in capital. At June 30, 1948, the ratios of such obligations to capital and surplus ranged among the banks from 3.1-to-1 to 8.7-to-1, and averaged 5.6-to-1 for the system as a whole.

- (a) Debentures - Debentures are required to be secured by the assignment and deposit with Farm Loan Registrars of cash, notes, and other obligations representing loans and discounts, and United States securities at least equal in amount to the amount of debentures outstanding. The United States Government assumes no liability for the debentures of the Federal intermediate credit banks and that fact is required to be set forth on the face of their debentures (12 U.S.C. 1043). The total amount of debentures outstanding at June 30, 1948, was \$520,800,000.
- (b) Notes Payable - When unexpected demands arise between monthly debenture sale dates, short-term loans are obtained from commercial banks on notes payable. The banks had \$8,000,000 of such obligations outstanding at June 30, 1948.

Lending Operations:

1. Types of Credit - The Federal intermediate credit banks are agricultural banks of discount and do not make loans directly to individuals. They discount agricultural and livestock paper for, and make loans to, financing institutions and farmers' cooperative associations to finance the seasonal production and marketing needs of farmers and stockmen. Maturities of loans and discounts may not exceed 3 years.
2. Eligible Borrowers - Eligible borrowing and rediscounting institutions include production credit associations, national and state banks, agricultural credit corporations, and livestock loan companies. The banks are authorized also to make certain classes of loans and advances directly to farmers' cooperative marketing and purchasing associations. Since the passage of the Farm Credit Act in 1935, however, loans to cooperatives ordinarily are made by the banks for cooperatives, which rediscount some of their loans with the credit banks or use them as security for direct loans from the credit banks.
3. Extent of Credit - As banks of discount, the Federal intermediate credit banks do not initiate lending programs or promote and demand for their services. It is their function, expressly authorized and clearly defined in the act, to finance eligible and acceptable paper within the terms of the act to the extent that it is offered by institutions qualified to receive credit from the banks. Their volume of business thus is governed primarily by the demand for credit, which is affected by general economic conditions, prices of agricultural commodities, crop and livestock yields, and other variable factors rather than by administrative action. At June 30, 1948, outstanding loans and discounts totaled \$565,334,676, and consisted of credit to production credit associations, \$453,700,460, other agricultural credit corporations, \$57,949,199, banks for cooperatives, \$52,514,732, and cooperative associations, \$1,170,285.

Budget Estimates:

1. Lending Program - The volume of credit to be granted during the fiscal year ended June 30, 1950, is estimated at \$1,789,752,000, an increase of nearly \$372,000,000 over the 1948 volume. The actual volume may vary substantially from the amount estimated, since the demand for credit is governed largely by conditions over which the banks have no control.
2. Financing Program - To finance their lending operations during the fiscal year 1950 the intermediate credit banks expect to issue consolidated debentures and borrow from commercial banks for short periods a total of \$1,135,040,000, or approximately \$339,000,000 more than in 1948.
3. Gross Income - The principal income of the banks is derived from interest and discount on their loans and discounts and income from investments in United States securities. Gross income from loans and discounts is estimated at \$13,094,000 for 1950 compared with \$6,946,312 earned in 1948. On October 1, 1948, the lending rate of interest of all the banks was 2 percent per annum except in Puerto Rico where it was 2½ percent. Income from United States securities owned by the banks is estimated at \$1,041,000 for 1950 compared with \$1,042,681 in 1948.
4. Expenses - The principal expenses of the banks consist of interest on outstanding debentures and other borrowings, administrative expenses, and advances to Farm Credit Administration central office for services and facilities furnished and examinations made. All expenses of the banks are paid out of their income. Interest and other costs on debentures and other borrowed money are estimated at \$10,950,900 for 1950 compared with costs of \$5,397,199 in 1948. The average cost of money obtained through sales of debentures in 1948 was 1.48 percent per annum. Interest costs are estimated at 1.80 for 1950 for budget purposes. Other operating expenses are estimated at \$1,656,200 for 1950 compared with \$1,538,283 actual for 1948.
5. Net Income - Net income of the banks for the fiscal year 1950 is estimated at \$1,507,400 compared with \$1,512,723 earned in 1948. Out of the estimated net income for 1950, the banks expect to transfer to the reserve for contingencies the sum of \$535,000, pay franchise taxes to the United States Treasury of \$243,100, and transfer to unreserved surplus \$729,300.

Summary of Operations - A summary of operations, actual for the fiscal year 1948 and estimated for 1949 and 1950, which is set forth in greater detail in the printed budget, is given in the table which follows:

	Fiscal Year 1948 Actual	Fiscal Year 1949 Estimated	Fiscal Year 1950 Estimated
<u>Funds Applied</u>			
To make loans and discounts	\$1,417,939,632	\$1,613,380,000	\$1,789,752,000
To repayments on borrowings	632,815,000	850,480,000	1,057,081,000
Operating expense:			
Interest and other money costs	5,397,199	8,933,600	10,950,900
Administrative expenses	1,094,289	1,335,000	1,398,000
Other operating expense	443,994	256,500	258,200
To investments in U. S.			
Government securities	11,747,001	17,985,000	17,985,000
Franchise tax payable	178,181	195,100	243,100
To increase working capital	2,675,722	1,079,285	*3,869,100
	2,072,291,018	2,493,644,485	2,873,799,100
<u>Funds Provided</u>			
By repayments on principal of loans and discounts	1,256,277,097	1,514,888,985	1,706,603,600
By borrowings	795,755,000	948,815,000	1,135,040,000
By subscription to paid-in surplus - U. S. Treasury	500,000	-	-
Operating income	7,999,981	11,923,700	14,149,200
Nonoperating income	9,082	16,800	6,300
By sale of investments in U. S. Government securities	11,749,843	18,000,000	18,000,000
Sale of acquired security or collateral (net)	15	-	-
	2,072,291,018	2,493,644,485	2,873,799,100

* Deduct

Selected comparative data on the operations of the credit banks:

Item	June 30, 1946	June 30, 1947	June 30, 1948
Loans and discounts outstanding.....	\$347,856,705	\$403,670,091	\$565,334,676
Loans and discounts made during year ended 1/.....	909,298,726	1,140,071,351	1,417,939,632
Debentures outstanding.....	306,645,000	355,860,000	520,800,000
Debentures issued during year.....	423,565,000	471,125,000	692,815,000
Franchise tax.....	2/ 288,018	3/ 222,120	4/ 178,181
Capital stock (owned by U. S. Government).....	60,000,000	60,000,000	60,000,000
Surplus paid in.....	-	-	500,000
Unreserved surplus.....	23,286,317	23,952,676	24,487,218
Reserve for contingencies.....	9,090,000	9,425,000	10,225,000

1/ Includes renewals.

2/ Represents tax for the fiscal year ended June 30, 1946, paid in July 1946.

3/ Represents tax for the fiscal year ended June 30, 1947, paid in July 1947.

4/ Represents tax for the fiscal year ended June 30, 1948, paid in July 1948.

12

1. The first part of the paper is devoted to a general discussion of the problem of the existence of solutions of the system of equations

$$\frac{dx}{dt} = A(x)u, \quad \frac{dy}{dt} = B(x)y,$$

where $A(x)$ and $B(x)$ are matrices depending on x , and u is a vector function.

2. In the second part, we consider the case when the matrix $A(x)$ is constant, and the matrix $B(x)$ is a function of x .

3. In the third part, we consider the case when the matrix $A(x)$ is a function of x , and the matrix $B(x)$ is constant.

4. In the fourth part, we consider the case when both matrices $A(x)$ and $B(x)$ are functions of x .

5. In the fifth part, we consider the case when the matrix $A(x)$ is a function of x , and the matrix $B(x)$ is a function of x .

6. In the sixth part, we consider the case when the matrix $A(x)$ is a function of x , and the matrix $B(x)$ is a function of x .

7. In the seventh part, we consider the case when the matrix $A(x)$ is a function of x , and the matrix $B(x)$ is a function of x .

8. In the eighth part, we consider the case when the matrix $A(x)$ is a function of x , and the matrix $B(x)$ is a function of x .

9. In the ninth part, we consider the case when the matrix $A(x)$ is a function of x , and the matrix $B(x)$ is a function of x .

10. In the tenth part, we consider the case when the matrix $A(x)$ is a function of x , and the matrix $B(x)$ is a function of x .

PASSENGER MOTOR VEHICLES

The estimate includes provision for the purchase of two passenger motor vehicles at a net cost of \$2,100 after crediting the trade-in value of two old vehicles which are to be exchanged. The continued use of nine old vehicles is contemplated. The automobiles to be exchanged will have a mileage in excess of 60,000 or be over 6 years old at time of trade-in.

The automobiles owned by the banks are used by officers and employees of the banks for necessary travel in connection with the making of new loans and discounts, and the servicing of outstanding loans and discounts, principally for travel between points which cannot be reached advantageously or economically by common carrier.

PRODUCTION CREDIT CORPORATIONS

Administrative Expenses

Appropriation Act, 1949	\$1,500,000
Anticipated Pay Act Supplemental, 1949	67,100
Advances to Farm Credit Administration	-232,000
Proposed advance for pay increase	-9,100
Base for 1950	<u>1,326,000</u>
Budget estimate, 1950	<u>1,328,000</u>
Increase (for general operating expenses)	<u>+2,000</u>

The net increase of \$2,000 in administrative expenses for 1950 is composed of:

(a) An increase of \$2,072 in personal services.

The 12 corporations have budgeted a total of \$959,589 for personal services for the fiscal year 1950 providing for 182.1 man-years of net permanent employment, which is the same number of man-years as for 1949. The increase in dollar amount results entirely from the increased cost in 1950 over 1949 of the pay increase comparable to Public Law 900. Exclusive of the pay cost increase, there is an estimated savings in 1950 of \$203 in personal services. The amount requested for personal services is considered essential in view of the increasing association loan volume and the importance of adequate supervision of credits and operations under anticipated economic conditions.

(b) A decrease of \$72 in miscellaneous administrative expenses.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

* * * Not to exceed [\$1,500,000] \$1,328,000 (to be computed on an accrual basis) of the funds of the corporations shall be available for administrative expenses, including the

- 1 purchase of [not to exceed three] one passenger motor vehicle[s () for replacement only()], and services performed
- 2 for the corporations by other Government agencies (except services and facilities furnished and examinations made by the Farm Credit Administration central office); and * * *

- 3 * * * [: Provided, That of the funds available to the corporations for administrative expenses, not to exceed \$232,000 shall be available for payment to the Farm Credit Administration for supervisory or other services rendered: Provided, That prior to June 30, 1949, the corporations shall return Government capital aggregating not less than \$30,000,000 to the Treasury of the United States to be carried to the surplus fund and covered into the Treasury, and the Governor of the Farm Credit Administration is authorized and directed to cancel the capital stock of the corporations in par value amount equal thereto].
- 4

The first change is proposed to provide for a reduction from three to one in the number of cars to be replaced in 1950.

The second and third changes are proposed in order to remove from the corporations' administrative expense limitation the payment to Farm Credit Administration for the cost of services and facilities furnished and examinations made, and thus restrict the limitations to the administrative expenses of the corporations at the district level, including General Accounting Office audit expense; the limitation, covering funds available for payment to the Farm Credit Administration (central office) is provided for in the estimates and the proposed appropriation language under "Salaries and Expenses, Farm Credit Administration, Department of Agriculture" (see Justification of Changes In Language, "Salaries and Expenses, Farm Credit Administration, Department of Agriculture").

The fourth change is proposed to eliminate the last proviso, pertaining to the return of not less than \$30,000,000 of Government capital to the surplus fund of the Treasury and cancellation of capital stock in equal par value amount. The purpose of the provision will be accomplished in the fiscal year 1949 and retention of language will no longer be necessary.

STATUS OF PROGRAM

Creation and Purpose - The Farm Credit Act of 1933 (12 U.S.C. 1131 et seq.) provided for the organization of the production credit system to provide permanent credit facilities especially adapted to the short-term credit requirements of agriculture. The system includes 12 production credit corporations, one in each of the 12 Farm Credit districts, and approximately 500 local production credit associations. The corporations were established to (1) organize, (2) provide supplemental capital, and (3) supervise local production credit associations which were to make loans to farmers and stockmen.

Management and Supervision - Each corporation operates under its own corporate management and under the direction of a board of directors, composed of the members of the district Farm Credit Board who are, ex officio, the directors of the four permanent credit units of each Farm Credit district. The operations of the corporations are supervised by the Production Credit Commissioner, who is responsible to the Governor of the Farm Credit Administration. The affairs of the production credit associations are administered under the direction of their respective boards of directors, generally of five members, elected by and from the membership of the associations. The associations are under the supervision of the production credit corporations and, through them, the Farm Credit Administration.

Source of Funds:

1. Capital Stock - The Farm Credit Act of 1933 established a revolving fund of \$120,000,000 in the United States Treasury for the purpose of purchasing the capital stock of the corporations, and the initial subscription for each corporation was fixed at \$7,500,000. The revolving fund was used in its entirety from 1935 to 1944, except for \$15,000,000 returned to the Treasury in 1940 pursuant to a request by the President of the United States and again requisitioned by the Governor from the fund in 1941. A voluntary program of returning capital to the revolving fund was begun in 1944. Annual repayments had reduced the outstanding capital from \$120,000,000 to \$81,635,000 at June 30, 1948. Pursuant to Public Law 860, 80th Congress, \$30,000,000 of paid-in capital is being returned to the surplus fund of the Treasury by the corporations during 1949 which will reduce the total amount of the revolving fund to \$90,000,000.
2. Earned Surplus - After payment of all costs from organization to date, the earned surplus of the corporations at June 30, 1948, amounted to \$16,761,030 or 20.5 percent of their paid-in capital. It is required that net earnings of each corporation shall be devoted to building a surplus fund of at least 25 percent of its paid-in capital (12 U.S.C. 1131c (c)); two of the corporations had such a surplus at June 30, 1948.

Type of Operations - The principal functions of the corporations as cited in the act were to organize, provide supplemental capital, and supervise production credit associations which were to make short-term loans to farmers and ranchmen for general agricultural purposes. The associations

obtain most of their loan funds by discounting farmers' notes with, and by other borrowings from, the Federal intermediate credit banks. In order to have a readily available means for increasing their investment in class A stock of production credit associations promptly as needed, the corporations maintain substantial holdings of United States securities. These securities meanwhile provide the corporations with necessary income and enable them to perform their authorized functions.

1. Organizing Production Credit Associations - Production credit associations have been established to serve all of the United States and Puerto Rico (12 U.S.C. 1131c, 1131d).

2. Capitalizing Production Credit Associations - The initial capital of the production credit associations was provided by the district production credit corporations through the purchase of class A stock in the associations. As farmers and stockmen obtained loans, they were required to purchase capital stock (class B) in their local associations and it was intended, ultimately, that the capital stock originally provided by the production credit corporations would be retired in full and the associations would be wholly owned by their members. In addition to the capital stock purchased by members to qualify their loans, many farmers and stockmen have purchased extra stock and others have retained their stock after repaying their loans. The progress thus made toward complete local ownership of the associations is indicated by the fact that at June 30, 1948, farmers and stockmen owned \$51,492,148, or 63 percent, of the total capital stock of the associations.

3. Supervising Production Credit Associations - The associations, and not the corporations, make loans; however, the corporations must establish the basic policies under which association loans are made and must approve each loan which exceeds 20 percent of the associations' capital and guaranty fund and all loans to association officers and directors. In guiding the associations in building their own local credit institutions soundly, the corporations have emphasized (1) sound and constructive credit service to farmers, (2) efficient, economical, and sound operations, (3) good service throughout the associations' territories, (4) building up adequate reserves, (5) ownership of the associations by their member stockholders, (6) training, and (7) decentralization. The policies of training and decentralization enable the corporations to function with relatively small staffs, a majority of whom are working directly with the association directors and officers largely through contacts at the association offices and occasional group meetings for neighboring associations.

Budget Estimates - The 1950 estimates are based on the assumption that there will be a continuation of generally profitable farm operations but a somewhat narrower spread between net and gross farm income. A critical period may be ahead for the production credit system as its operations previously have been largely in a long period of rising prices. With many agricultural prices now tending downward and with future uncertainties, adequate supervision is even more imperative to keep the associations on a sound basis and to avoid the extension of unsound credit.

1. Investment in Class A Stock of Production Credit Associations - Because of the anticipated continued improvement in the financial condition of the production credit associations and the desire of their membership to become completely locally owned, it is estimated that associations will retire stock owned by the corporations in the amounts of \$5,865,000 in 1949 and \$4,975,000 in 1950, with additional investments required of \$910,000 and \$825,000 in the respective years. This is expected to reduce the corporations' total investment in class A stock of the associations to \$21,770,100 at June 30, 1950.
2. Investment in United States Securities - It is estimated that the corporations will sell United States securities at market prices in the amounts of \$38,576,000 in 1949 and \$4,282,000 in 1950; the sales proceeds will be used largely to retire capital stock of the corporations pursuant to the requirements of the Government Corporations Appropriation Act, 1949. These sales, together with purchases from, and sales to, production credit associations under repurchase agreements, are expected to reduce the corporations' investment in United States securities from \$66,741,634 at June 30, 1948, to \$35,986,634 at June 30, 1950.

The corporations and the associations, in many cases, are moving to terminate the repurchase agreement by which the corporations have sold securities to associations at par with the right and obligation to repurchase these at par. During 1949 and 1950 the corporations are expected to repurchase such securities at par from a number of the associations, especially those which have reached or are approaching complete member ownership, and in most cases to sell back to these associations at current market prices the same or other securities then in their portfolios without any repurchase obligation. It is estimated that the liability of the corporations to repurchase securities heretofore sold by them to the associations at par will be reduced during 1949 and 1950 by about \$12,500,000. A number of the associations are now also buying securities at market prices from the corporations or in the open market as surplus funds from sales of capital stock and earnings are available to them for investment.

3. Retirement of Capital Stock - In addition to the retirement in 1949 of \$30,000,000 of capital stock by returning that amount to the surplus fund of the Treasury pursuant to Public Law 860, 80th Congress, repayments to the revolving fund are estimated at \$5,400,000 in 1949 and \$4,000,000 in 1950, largely as a result of the expected reductions in the investments of the corporations in Class A stock of associations. These payments are expected to reduce the paid-in capital of the corporations to \$42,235,000 at June 30, 1950. There will be no adequate basis for measuring the ultimate long-term capital and surplus needs of the production credit corporations until the system has weathered a period of falling or continued lower prices for farm products; however, past experience in agricultural credit has demonstrated the need for adequate capital resources in such a system.

4. Net Income (or Loss) - It is estimated that the operations of the corporations in 1950 will result in a net loss of \$627,500. Because of the reduction in the volume of United States securities owned as previously explained, the interest on such securities which constitute the corporations' principal source of revenue will be materially reduced. The total income of the corporations is estimated at only \$964,900 in 1950 compared with \$1,772,563 actual in 1948. Operating expenses, on the other hand, consisting of the administrative expenses of the corporations and the assessments for services and facilities furnished and examinations made by the Farm Credit Administration central office, are estimated at \$1,571,400 in 1950 compared with \$1,585,773 actual in 1948.

Summary of Operations - A summary of actual operations for the fiscal year 1948 and estimates for 1949 and 1950, which is set forth in greater detail in the printed budget is given in the following table:

	Fiscal Year 1948 Actual	Fiscal Year 1949 Estimated	Fiscal Year 1950 Estimated
<u>Funds Applied</u>			
To investments in class A stock of production credit associations	\$125,000	\$910,000	\$825,000
To investments in United States securities:			
Repurchased at par from production credit associa- tions under repurchase agreement	10,471,700	11,107,000	5,244,000
Other purchases	6,617,962	-	-
To administrative expenses	1,353,773	1,326,000	1,328,000
To other operating expense	232,000	241,100	243,400
Nonoperating expense	177,683	-	-
To repayment of capital to U.S. Treasury	11,015,000	35,400,000	4,000,000
To increase (or decrease*) working capital	*178,032	*473,800	6,500
	29,815,086	48,510,300	11,646,900
<u>Funds Provided</u>			
By retirement of class A stock investment in production credit associations	9,766,265	5,865,000	4,975,000
By sale of United States securities:			
To production credit associations at par value under repurchase agreement	9,419,600	2,500,000	1,425,000
Other sales	8,856,658	38,576,000	4,282,000
Operating income	1,772,563	1,554,000	964,900
Nonoperating income	-	15,300	-
	29,815,086	48,510,300	11,646,900

*Deduct

The trend in the number of production credit corporation personnel has been downward in recent years notwithstanding increasing loan volume in the associations supervised and the continuing need for training of association personnel and for general supervision of association affairs. This downward trend in personnel is a reflection of the policy of decentralization of authorities and responsibilities to associations as fast as the training and experience of their personnel and increased farmer ownership of associations justifies. The following table reflects the relationship of production credit corporation personnel to production credit association operations:

	1942	1948	Estimated 1950
PCC personnel (net permanent - average number).....	299.4	198.4	182.1
Amount of loans made by PCA's (including renewals).....	\$461,143,240	\$849,771,290	\$1,000,000,000
Amount of loans made by PCA's per PCC employee.....	\$1,540,225	\$4,283,121	\$5,491,488
Number of loans made by PCA's.....	239,169	266,449	312,000
Number of PCA loan trans- actions <u>1/</u>	1,961,186	2,184,882	2,558,400
Number of PCA loan trans- actions per PCC employee <u>1/</u>	6,550	11,012	14,049
Number of PCA offices <u>2/</u>	1,344	1,547	1,562
PCA personnel:			
Number of directors.....	2,680	2,550	2,550
Number of employees (man- years - calendar year basis).....	3,545	2,770	2,880

1/ Assumes 4.0 advances and 4.2 repayments per loan but gives no recognition to the number of extensions and partial releases. These figures are based on an actual count for the fiscal year ended June 30, 1946.

2/ Includes central and field, or branch, offices operating on both a full- and part-time basis.

PASSENGER MOTOR VEHICLES

The estimate includes provision for the purchase of one passenger motor vehicle at a net cost of \$700 after crediting the trade-in value of one old vehicle which is to be exchanged. The automobile to be traded in will have a mileage considerably in excess of 60,000 at time of disposal. The continued use of 44 old vehicles is contemplated.

The automobiles owned by the corporations are used by officers and field employees of the corporations for necessary travel in connection with the supervisory responsibilities of the corporations over the production credit associations, principally for travel to association offices and as required to other points of duty such as the farms of association directors and borrowers.

REGIONAL AGRICULTURAL CREDIT CORPORATION
OF WASHINGTON, D. C.

Administrative Expenses

Appropriation Act, 1949	\$171,800
Advances to Farm Credit Administration central office	-12,300
Unobligated balance, estimated savings ^{1/}	-100,000
Base for 1950	59,500
Budget estimate, 1950	90,000
Increase, 1950	<u>+30,500</u>

1/ In view of the fact that no affirmative action had been taken authorizing the making of loans in an area or region where an economic emergency or production disaster has occurred, a reserve covering authorization of administrative expenses, fiscal year 1949, has been established.

The increase of \$30,500 for administrative expenses for 1950 is required in the operation of the fur farm loan program.

Fur farms are scattered over a wide area and the costs of the program will be heavy in proportion to the number of loans made. Inspectors and appraisers are employed on a per diem basis and ordinarily must make separate trips from their headquarters for each inspection because of the wide area from which applications are received. The cost of appraisals ranges from \$40 to \$150 for each application. The estimates are based on the assumption that from 200 to 300 applications will be received in 1950. Also it will be necessary to service all loans put on the books, requiring inspections in 1950 of loans made in 1949 as well as appraisals of applications submitted in 1950 and inspections of loans made during the year. Handling of correspondence, reappraisals, and consideration and analysis of applications in the central office add materially to the total cost of the program, whether or not a loan is closed on an application. Representatives of the central office will have to travel in order to meet with appraisers, inspectors, and fur farmers in various localities of the United States as the program advances. In view of the nature of the program, the cost per loan will necessarily be high in comparison with the cost of other types of loans made in larger numbers in more concentrated areas.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

- * * * Not to exceed /\$146,800/ \$90,000 (to be computed on an accrual basis) of the funds of the Corporation shall be available for administrative expenses, including /supervision and examination by the Farm Credit Administration and/ services performed for the Corporation by other Government agencies (except services and facilities furnished and examinations made by the Farm Credit Administration central office); and * * *
- 2 * * * Provided, /That no other funds shall be available for administrative expenses of the Corporation: Provided further, That of the funds available to the Corporation for administrative expenses, not to exceed \$21,000 shall be available for payment to the Farm Credit Administration for supervisory or
- 3 other services rendered; Provided further, That \$12,000 additional of the funds available for administrative expenses, fiscal year 1948, shall be available for payment to the Farm Credit Administration for supervisory or other services rendered; Provided further, / That for the current fiscal year
- 4 /1949/, the revolving fund in the Treasury of the United States created by section 84 of the Act of June 16, 1933 (12 U.S.C. 1143a), for investment in any regional agricultural credit corporation shall be available only in the amount of \$25,000,000: Provided further, That notwithstanding any provisions of law to the contrary, in addition to the foregoing the Corporation is authorized to utilize, from the revolving fund created by section 84 of the Farm Credit Act of 1933 (12 U.S.C. 1143a), such sums as may be necessary (a) to
- 5 make loans, during a period of /five/ four years, to bona fide fur farmers in accordance with the provisions of section 201(e) of the Emergency Relief and Construction Act of 1932, as amended (12 U.S.C. 1148), * * *
- 6 * * * the aggregate principal amount of which loans shall not exceed \$4,000,000 outstanding at any one time /, and (b) not to exceed \$25,000 for administrative expenses of the Corporation and the Farm Credit Administration in connection with such loans; which amount and the aforesaid item of \$146,800 may be combined for accounting purposes/.

The first and second changes are proposed in order to remove from the Corporation's administrative expense limitation the payment to Farm Credit Administration for the cost of services and facilities furnished and examinations made, and thus restrict the limitation to the direct administrative expenses of the Corporation, including General Accounting Office audit expense; the limitation, covering funds available for payment to the Farm Credit Administration (central office),

is provided for in the estimate and the proposed appropriation language under "Salaries and Expenses, Farm Credit Administration, Department of Agriculture" (see Justification of Changes in Language, "Salaries and Expenses, Farm Credit Administration, Department of Agriculture").

The third change proposes to delete language, retention of which is no longer necessary, provided in fiscal year 1949 authorizing the use of \$12,000 of funds for administrative expenses for liquidation of obligations incurred in fiscal year 1948, for payment to Farm Credit Administration.

The fourth change inserts the word "current" in reference to fiscal year for the purpose of extending the limitation of \$25,000,000 on the amount available for investment in any regional agricultural credit corporation.

The fifth change reduces from 5 to 4 years the period for the fur farm loan program since 1 year of the 5-year period authorized in 1949 Appropriation Act will have passed by the beginning of the fiscal year 1950.

The sixth change proposes to eliminate the authorization of \$25,000 for administrative expenses in connection with fur farm loans and merging such amount with the amount authorized for administrative expenses elsewhere in the paragraph. This language is no longer necessary as the single authorization for administrative expenses, fiscal year 1950, is adequate for the Corporation.

STATUS OF PROGRAM

Creation and Purpose - Twelve regional agricultural credit corporations, one in each Federal land bank district, were established in 1932 pursuant to section 201(e) of the Emergency Relief and Construction Act of 1932 (12 U.S.C. 1148) to provide short-term credit to farmers and stockmen for agricultural purposes, as such credit was not readily available from other sources due to the financial emergency which then prevailed. These corporations were under the control and supervision of the Reconstruction Finance Corporation until May 27, 1933, when, by Executive Order No. 6084 dated March 27, 1933, such authority was transferred to the Farm Credit Administration. Pursuant to the authority contained in the Farm Credit Act of 1937 (12 U.S.C. 1148c), all of the corporations have been merged into the Regional Agricultural Credit Corporation of Washington, D. C.

Management and Supervision - The Corporation is managed by a board of directors and officers appointed by the Farm Credit Administration, most of whom also serve the Administration in other capacities. The general agent of the Farm Credit Administration in each Farm Credit district serves as district vice president of the Corporation and supervises its business in the district in accordance with policies and regulations prescribed by the management.

Source of Funds:

1. Capital Stock - The maximum amount of capital stock of the 12 corporations issued and outstanding at any one time was \$44,500,000, all of which was subscribed and paid for by the Reconstruction Finance Corporation and held on behalf of the United States (12 U.S.C. 1148). Pursuant to Executive Order No. 7848, the stock was transferred on March 22, 1938, to the Secretary of the Treasury to be held for and on behalf of the United States. All but \$5,000,000 of the original capital stock was returned to the United States Treasury by 1938; however, in 1943 the capital of the corporations was again increased to \$44,500,000 in anticipation of the loan program for war food production. All of this amount, except \$100,000 retained as capital stock of the Regional Agricultural Credit Corporation of Washington, D. C., was returned to the Treasury in 1945 and is now held in a revolving fund available for resubscription upon call by the Farm Credit Administration, subject to a limitation of \$25,000,000 for the fiscal year 1949 (Government Corporations Appropriation Act, 1949).
2. Paid-in Surplus - The act which authorized the creation of the regional agricultural credit corporations provided that administrative expenses of the corporations be paid by the Reconstruction Finance Corporation; this provision was revoked by section 206 of the Act of June 30, 1947, Public Law 132, 80th Congress. The total of \$21,960,000 advanced by the Reconstruction Finance Corporation for this purpose was recorded on the books of the corporations as paid-in surplus. In November 1947, the paid-in surplus was reduced to its present balance of \$9,460,000 by the corporation returning \$12,500,000 which was deposited in miscellaneous receipts of the U. S. Treasury.

3. Earned Surplus (Deficit) - The operations of the corporations from inception to June 30, 1948, resulted in a deficit of \$7,842,824 which in reality is a charge against the paid-in surplus remaining at that date.
4. Borrowings - The Corporation is authorized to discount eligible paper with the Reconstruction Finance Corporation, Federal Reserve banks, and the Federal intermediate credit banks, and to borrow (other than by way of discount) from the Reconstruction Finance Corporation or any intermediate credit bank (12 U.S.C. 1148). This authority has not been used since 1935.

Lending Programs - The original lending program of the regional agricultural credit corporations was that of making short-term loans to farmers and stockmen on an emergency basis. With the establishment of the production credit associations in 1934 to provide this type of credit, the corporations' original lending program was curtailed and now loans discontinued except for those necessary in the liquidation of outstanding loans. Subsequent credit programs included loans to stockmen in distress areas in 1937 and to apple growers due to similar circumstances in 1941.

To implement the war food production program, the Corporation was authorized by the Secretary of Agriculture, pursuant to Executive Order No. 9280 issued December 5, 1942, to make loans to farmers and stockmen for the purpose of enabling them to produce more of the needed agricultural commodities than otherwise would have been possible. The latter program was terminated June 30, 1943. The Department of Agriculture Appropriation Act of 1944 (57 Stat. 428) and similar acts for subsequent years permitted the Secretary to authorize and direct the Corporation to make loans to finance the production of specified crops and livestock in certain regions in various states designated as regions in which such loans are necessary in order to finance the production of crops or livestock that otherwise would not be produced. An amendment to the 1944 act contained in the Department of Agriculture Appropriation Act, 1949 (Public Law 860), provided that the Secretary of Agriculture may authorize the Corporation to reenter an area where an economic emergency or production disaster has occurred.

The Government Corporations Appropriation Act, 1949, authorized a new lending program for the Corporation, the making of loans to bona fide fur farmers, beginning in 1949.

Budget Estimates:

1. Loans to Fur Farmers - In authorizing loans to fur farmers, the Government Corporations Appropriation Act, 1949, limited the aggregate principal amount of such loans to \$4,000,000 outstanding at any one time. It is anticipated that loans of this type will be made in the amount of \$2,000,000 in 1949 and \$2,800,000 in 1950, with repayments of \$2,600,000 prior to June 30, 1950. These loans must carry the full personal liability of the borrowers and be secured by such collateral as deemed necessary by the Corporation to afford reasonable assurance of repayment.

2. Restricted Area Loans - No loan program has yet been undertaken under Section 2 of the Department of Agriculture Appropriation Act, 1949, that the Secretary of Agriculture may authorize the Corporation to reenter an area or region where an economic emergency or production disaster has occurred.
3. Liquidation of Loans and Advances - With the exception of loans made in connection with the fur farm program, it is estimated that the balance of all loans and advances outstanding at June 30, 1950, will be only \$277,496, or a reduction of \$1,359,988 from the amount of \$1,637,484 outstanding at June 30, 1948. The June 30, 1950, balance represents 0.04 percent of the total credit extended by the Corporation.
4. Capital Stock - To assist in financing the fur farm loan program, it is estimated that additional capital stock subscriptions of \$900,000 in 1949 and \$400,000 in 1950 will be required from the revolving fund held in the United States Treasury.

Summary of Operations - A summary of operations, actual for the fiscal year 1948 and estimated for 1949 and 1950, which is set forth in greater detail in the printed budget, is given in the table which follows:

	Fiscal Year 1948 Actual	Fiscal Year 1949 Estimated	Fiscal Year 1950 Estimated
<u>Funds Applied</u>			
To loans to farmers.....	\$20,768	\$2,009,000	\$2,800,000
To acquisition and improvement of acquired security or collateral.....	3,234	-	-
To administrative expenses.....	110,998	59,500	90,000
To other operating expenses.....	38,927	17,400	17,300
To return to U. S. Treasury moneys advanced under Emergency Relief and Construction Act of 1932.....	12,500,000	-	-
To increase (or decrease*) working capital.....	*12,286,248	*825,000	24,000
	387,679	1,260,900	2,931,300
<u>Funds Provided</u>			
By repayments of principal of loans and advances.....	294,249	302,000	2,450,500
By sale of acquired security or collateral.....	21,425	15,000	2,000
By operating income.....	57,885	40,400	75,300
By nonoperating income.....	14,120	3,500	3,500
By capital subscriptions - U. S. Treasury.....	-	900,000	400,000
	387,679	1,260,900	2,931,300

*Deduct

Progress in liquidation as of June 30, 1948

Restricted area loans:

Loans and advances (December 1943 through June 30, 1948) 1/	\$7,961,101
Less: Repayments 1/	\$7,768,584
Transfers to assets acquired	7,478
Charge-offs	30,451
Balance outstanding (1.94%)	<u>7,806,513</u>
	\$154,588

Food production loans and advances:

Loans and advances (February 1943 through June 30, 1948) 1/	69,316,108
Less: Repayments 1/	63,215,707
Transfers to assets acquired	419,208
Charge-offs	1,010,955
Cancellations	3,531,304
Balance outstanding (1.64%)	<u>68,177,174</u>
	1,138,934

Fruit loans - Wenatchee area:

Loans and advances (March 1941 through June 30, 1948)	34,679,581
Less: Repayments	34,367,020
Charge-offs	9,904
Balance outstanding (0.87%)	<u>34,376,924</u>
	302,657

Other loans:

Loans and advances (October 1932 through June 30, 1948) 1/	550,102,892
Less: Repayments 1/	546,709,389
Transfers to assets acquired	666,231
Charge-offs	2,714,372
Balance outstanding (0.002%)	<u>12,900</u>
Sales contracts, notes receivable, etc.	25,192
Advances for borrowers	3,213
Total outstanding	<u>1,637,484</u>

Note: Beginning of period shown in foregoing is beginning of the program.

1/ Includes renewals.

FEDERAL LAND BANKS

Subscriptions to Paid-in Surplus,
Federal Land Banks, Revolving
Fund, Office of the Secretary,
Treasury Department

CHANGE IN LANGUAGE

The estimates provide the following new language:

"Amounts available from appropriations are hereby reduced in the sums hereinafter set forth, such sums to be carried to the surplus fund and covered into the Treasury immediately upon the approval of this Act:

The total amount of \$189,000,000 in the revolving fund appropriated to the Office of the Secretary, Treasury Department, for subscriptions to the paid-in surplus of the Federal land banks, as authorized by the Federal Farm Loan Act, as amended (12 U.S.C. 781 (Tenth))."

Due to the general agricultural and economic conditions prevailing in the early 1930s, thousands of farmers borrowing from the Federal Land Banks were, through no fault of their own, unable to make scheduled payments on their loans and delinquencies had reached the point where if the banks were to continue to pay interest on their bonds held by the investing public, make loans to farmers, and grant extensions and deferments of interest and principal due on their loans necessary in the circumstances, additional capital would be required.

The Federal Farm Mortgage Act of 1933 authorized the Secretary of the Treasury to subscribe to paid-in-surplus of the banks (1) in amounts equal to the loan installments, and tax, insurance, and other advances for which payment by the borrowers had been extended, this authority to continue until May 12, 1938, and (2) amounts equal to deferments until July 11, 1938 of the principal portion of loan installments due from borrowers whose loans were otherwise in good standing. In order to carry out the provisions, Congress appropriated sums aggregating \$189,000,000 between May 12, 1933 and May 14, 1937, and such sums were invested in the paid-in-surplus of the banks.

The Farm Credit Act of 1937 converted the \$189,000,000 above into a revolving fund to receive repayments and from which further subscriptions to paid-in-surplus might be made. This Act eliminated any time limit during which extensions might be granted by the banks, but the authority for the 5-year deferments was permitted to expire on July 11, 1938.

Subscriptions to the paid-in-surplus of the banks were made by the Secretary of the Treasury from 1933 to 1944 in varying amounts reaching to maximum amount of \$187,689,511 in 1939. Repayments began in 1936, continuing until 1947 when repayment of the last amount outstanding was made. Since July 1, 1947, the full amount of the appropriations, \$189,000,000 has remained intact in the revolving fund.

The Federal Land Banks have greatly strengthened their financial position and it is believed their resources are adequate to meet any foreseeable financial stress of their borrowers. Therefore, this language is recommended to provide for return to the surplus of the Treasury the \$189,000,000 remaining in the revolving fund.

